Banking and Finance in All Nations

THE word bank is so familiar to us that we may find it hard to realize that there was a time when civilized and busy men, who had practically the same needs as ourselves, and who appreciated money quite as much as we do, had no institution that answered to the name. We live in an age of enlightened curiosity, an age when men, women and children are restless with an increasing desire to "know the causes of things." Nor will they be satisfied with answers that were deemed sufficient for our predecessors of even a few generations ago. They will take no second-hand assurances, nor (with the exception of questions of supramundane order) are they disposed to accept authority, like a schoolboy learning prosody, but must know how authority came to have its standard of credibility. As to origins, they decline to accept a date or locality unless they obtain evidence that the very beginning of the institution, custom or dogma is there and then to be found, and that it would be futile to look elsewhere or to investigate further back. The primary cause, the ursprung, the germ-source, our modernists must have, whatever be the subject of inquiry. And (with the exceptions above indicated) we have no fault to find with the spirit of the age. It is to satisfy this spirit that such works as The Americana have been undertaken, and, if all others were like ourselves, they would accept its guidance unhesitatingly, for the simple reason that its editor-in-chief is by calling and experience an investigator, an examiner, a sifter of the true from the false. What, then, has The Americana to tell us about the origin of banking? It tells us (through the Hon. Levi P. Morton) that the earliest public bank was established at Venice in 1174, and that it did not cease to operate until the Republic ceased to exist in 1797. It was at first merely a bank of deposit—the government being responsible for the deposits. The capital was thus practically a public loan. In the early years of its operations, the deposits could not be withdrawn, but the depositor could transfer his credit in lieu of money payment. Mr. Morton is disposed to link the modern banking system causally with the great Florence bankers of the 13th and 14th century rather than with the Bank of Venice. The magnitude of their operations is illustrated by the fact that in 1430-1433 seventy-six Florentine bankers issued on loan nearly 5,000,000 gold florins. Another chapter in financial history is that which bears on the undertaking of the Bank of St. George at Genoa, while the Bank of Amsterdam has been used by Adam Smith to exemplify the older type of bank. This important institution was founded in 1609 under peculiar circumstances. The clipped and worn currency, associated in England with tragedies of crime and barbarous punishments, had become, like our "silver nuisance," a widespread inconvenience and a snare to the ignorant or unwary. The Bank of Amsterdam brought prompt relief. It received on deposit all sorts of coin at the real value in standard money (a small sum being allowed for recoining and administration) and a credit was accordingly opened on the bank's books, by the transfer of which payment could be made—the Amsterdam bill having a certain uniform and unquestionable value. Compared with the debased current coin, its value will be understood by those who can recall the monetary situation that was ended by the Hincks-Weir disburthening plan. The deposits, supposed to remain in the bank's coffers, at Amsterdam, were secretly traded with in the 18th century and in 1790 the institution collapsed. In Hamburg, Nuremburg and London corresponding systems were initiated. In England the Tower mint was at first the place where money was lodged, but the Crown having made free with it, it was deemed wise to make the goldsmiths the depositaries. Thus a new class of money-lenders was created. The bank note was invented and issued by the Bank of Sweden in 1690. Before the century closed a step forward had been made in the United Kingdom, which was to give an impetus to the whole machinery of exchange and circulation, industry and commerce which is not yet exhausted. Vires acquirit eundo.

What Mr. Morton here refers to is the foundation of the Bank of England. Those who are interested in the biography of extraordinary men will find the life of William Paterson not only instructive but edifying. Whatever failures and shortcomings may be set to his account, it is to his undying credit that to his initiative Great Britain is indebted for the Bank of England. In what way the scheme mixed up with the politics of the day it would be interesting to inquire, but it may suffice just now to recall that money was required for the national defence. A company was formed, at Paterson's suggestion, which was to be named the Governor and Company of the Bank of England and it advanced the sum of £1,200,000 to the Government at an interest of 8 per cent.—the Government allowing £4,000 a year for the administration of the loan and the management of the bank. In 1816 the original capital had increased by accessions from £1,200,000 or $6,000,000 to £14,553,000, or more than $72,000,000. There is also a variable "rest" of more than £3,000,000, or $15,000,000. The charter was originally granted for eleven years or till a year's notice after August 1, 1705. It was renewed for various periods in 1697, 1708, 1713, 1742, 1764, 1781, 1800, 1833, and 1844, certain conditions to be fulfilled being drawn up on each renewal. The bank has, by the act of 1844, to publish a weekly account. "The total of the notes given out by the issue department is called the issue of circulation, the portion of it in the hands of the public being the active circulation, and that still in the banking department the note reserve. This note reserve represents really the amount of bullion in the issue department available for the use of the banking department." For fuller details regarding British banking, its principles and practice and relation to the life of the people and the industry and commerce of the Empire, the reader is referred to the articles of Sir Felix Schuster, of Mr. Earnest Sykes, B.A., and of Dr. Edwin Cannon in The Americana.

Second only in importance to the Bank of England is the Bank of France, which was established in 1800 with a capital, at first, of 45,000,000 francs, with the exclusive privilege in Paris of issuing notes payable to bearer. In 1848 this privilege was extended so as to cover the whole of France. At the same time the capital was increased to 91,250,000 francs. The Bank of France is a bank of deposit, discount and circulation. The Government appoints the governor and two deputies—all of whom must be stockholders. The total assets of the bank in 1902 were 5,262,099,592 francs, of which 3,601,126,067 consisted of specie—2,508,805,839 in gold and 1,092,320,228 in silver. The special articles by experts the reader will find most satisfying touching French banking and all related subjects.

The same is true of every country in Europe, of Japan, of Egypt, of India, Australia, New Zealand and the entire eastern hemisphere, British and non-British.

The history of banking in the United States may be considered as opening in the troubled years of the war of independence. The Bank of the United States, which was modelled closely on the Bank of England, remained the great financial power of the Republic until Jackson and Van Buren headed the movement that originated the state banking system. Both systems (essentially in contrast) had their merits, as well as their defects. But when the Civil War broke out, it was soon found that emergencies had arisen for which the existing methods would be totally inadequate. In 1860, just before the sword was drawn, there were in the country 1,562 banks with an aggregate capital of $442,000,000, a circulation of about $207,000,000 and specie in hand to the amount of $83,500,000. What changes the financial situation underwent in the terrible strain of a struggle prolonged beyond all expectation is related in The Americana in a number of expert articles, the inter-relation of which is indicated by cross-references.

The origin, development and present condition of the banking system of the Dominion has been concisely and clearly set forth by Mr. F. G. Jemmett, the well-known Canadian banker and writer. A few well known dates are of exceptional importance in the history of Canadian banking. In 1792 a short-lived attempt was made to establish a system based on the methods of the English private banks. Under the name of the Canada Banking Company, a private bank was founded in this city, which issued notes, but owing to causes on which we need not dwell, was of brief duration. About a century ago application was made to the Legislature of Lower Canada for a charter for the Bank of Canada, organized (in the main, but on a smaller scale) after the plan of the first Bank of the United States. But this enterprise did not succeed. In 1817 the real starting-point of our banking development was fixed by the initiation of the business life of what has long been the most important bank in British North America and, indeed, as many believe, on the whole continent. It is from the Articles of Association that the scientific banking law system of the present has been continuously developed. In 1818 the Quebec Bank and the Bank of Canada were formed on similar lines and in 1822 all three obtained charters framed after the articles of association. These Legislative charters were sound in what they permitted and (more specially) in what they prohibited, confining the banks to legitimate business, while enabling them to meet all commercial requirements. "They . . . prohibited lending upon pledge of goods or upon mortgage or dealing in real estate and they provided that all notes issued were to be redeemable upon demand in specie. . . . The English private banks and Scottish chartered banks were the joint parents of these Lower Canadian charters, and of the Canadian banking system which has sprung from them, but various changes and additions were made to suit Canadian requirements. In the phraseology used as well as in some of the internal regulations, the influence of the chartered banks in the United States may be seen, but it may safely be said that practically everything which has proved of permanent value was derived from English, Scotch or native sources."

In Upper Canada (Ontario) the first banking legislation (that of 1821-22) followed the political rather than commercial inspiration and the first charter (that of the Bank of Upper Canada) was in accord with the Lower Canadian bill of 1803 rather than the Montreal Bank's "Articles." It had, however, little influence on ensuing legislation, and in 1832 and 1835 amendments were secured (mainly by Imperial pressure), the importance of which is proved by their survival to the present hour. By the former banks were forbidden to lend on their own stock, while by the latter shareholders were made "individually liable for the debts of the banks to an amount equal to their respective holdings of subscribed stock." In Upper Canada the prohibition to lend money on mortgage (enforced, as above, by Lower Canadian charters) was never adopted. The union of the Canadas led to some new legislation. In 1841, the report of a Select Committee was approved, the burden of which was payment of notes in specie on demand, the limitation of issue to the amount of the paid-up capital, and the forfeit of the charter should payment be suspended for a number of days, never to exceed sixty. Among other regulations, banks were not to hold their own stock or make advances against it or to lend on security of lands, houses or ships or on pledge of merchandise. This act clearly marks an important stage in the evolution of a systematic banking law with comprehensive regulations.

The free banking law of 1850 was repealed in 1866—its inefficiency having long been evident. There is, however, a vestige of it in the provision of the 1880 Act that notes should be a first charge on a bank's assets. In 1859 banks were authorized to take bills of lading, warehouse receipts, etc., as collateral security for its discounted notes, etc.—this being a departure from the rule forbidding lending on pledge or goods. Before Confederation the charters of the Maritime Provinces' banks were virtually identical with those of the Canadas. Save (for a few years) British Columbia, the trans-Superior Provinces had not been organized and the only British Columbian bank had an Imperial charter.

The year 1867 marks, for our banking laws, as for everything else, a fresh and significant starting-point. All right to legislate regarding the foundation and management of banks was vested by the B. N. A. Act in the Dominion or Federal authorities. The first important act under the new dispensation was that of 1871, in which all that it was desirable to perpetuate was made applicable to new banks, and to those in existence as soon as their actual charters expired. Uniformity was reached in March, 1892 (allowance being made for some clauses of the B. B. N. A.'s Imperial charter). In 1879 the power of making advances on the stock of other banks was withdrawn. In 1890 the minimum of paid-up capital was raised from $100,000 to $250,000. In 1900, the Canadian Bankers' Association obtained a charter, with certain definite legal powers and duties. The Bank Act being enacted for ten years only, at the close of every decade there is an opportunity for discussion which may cover the whole range of theory and practice. "The Bank Act," says Mr. Jemmett, "is really the charter of every bank; the Bank of Montreal, with a paid-up capital and surplus of $24,000,000, and the Saint Stephen's Bank, which has a paid-up capital and surplus of only $245,000, have exactly similar rights, privileges, and limitations."

This is a confessedly inadequate showing of what The Americana provides in the way of information on one special subject with many subdivisions. The reader may, however, accept our assurance that The Americana will never disappoint him.—Montreal Gazette.

A Review of Recent Publications

MISS H. F. COCHRANE, formerly of Chicago but now of Victoria, has completed a very attractive calendar for 1909. For each day of the year there is an appropriate quotation, some from the Bible, but the majority from secular authors. It is very neatly got up and a suitable Christmas present.

"Palette and Bench" is a very serviceable monthly publication issued by the Keramic Studio Publishing Co., Syracuse, New York, at $4.00 a year. The December number contains a beautiful reproduction of a painting of a girl's head, which is detached and suitable for framing. The illustrations in the body of the magazine are of a high class. The subjects dealt with are painting, modelling, decorating, embroidery, etc.

"The Henry Hutt Picture Book" is an admirable collection of the work of that artist and it has been issued by the Copp Clark Co., Ltd., of Toronto. The actual printing was done by the American Colortype Co., of New York, and the copyright is owned by the Century Publishing Company. Mr. Hutt's work is unconventional. He treats each subject in its own way, which gives his drawings freshness and variety. This picture book is a triumph of the printer's art, and its publication at this season of the year is very timely.

"Out of Doors in the Holy Land" by Henry Van Dyke, The Copp Clark Co., Ltd., Toronto, is an exceedingly interesting story of wanderings in the land which is so closely associated with the history of Christianity. Its mechanical excellence is equal to its literary interest. The pictures are in the highest style of art and the binding is beautiful.

"The Red City" is described on the artistic cover as "A Historical Novel of the Second Administration of President Washington," by S. Weir Mitchell. It is very well printed and nicely illustrated, $1.50. This is a very commendable attempt to cast a little light upon the social side of the early days of the American republic. It is very desirable that such stories should be written by some one who is able to sketch the actual historical characters with some sense of proportion. Historical novels are very educative, for they give, when due care has been taken to ascertain the facts, a more correct picture of actual conditions than can be gathered from any single history. It is particularly desirable that there should be some sidelights cast upon the men, who played a part in the establishment of the United States. A difficulty encountered by an author in handling a subject of this nature arises from a lack of material. There are few contemporary accounts of Washington, Hamilton and Jefferson, which are not so strongly colored by partizanship as to be almost useless for the purposes of a historical novel. "The Red City" shows that Mr. Mitchell felt the limitations of his material, and it is perhaps not unfair to him to say that he apparently felt unequal to the task of drawing his portraits in as strong lines as he might otherwise have done for fear that what he might write would be unpalatable to readers who long ago have assigned the Fathers of the Republic a place among the gods. Hence he does not convince in his delineations of character, except in dealing with the creations of his own imagination, and here he shows a gracefulness and skill which make his story very delightful. He has chosen interesting people as his theme—French emigres of the nobility and Philadelphia Quakers, for it is in that city the scene of the story is laid. The contrast between the peculiarities of these two opposite classes is finely brought out, and yet the reader recognizes what was in the author's mind, namely, that beneath the apparent superficiality of the French nobility and the demureness of the Quaker there is the same solid stratum of real worth. The scenes are well managed and interest grows as the story proceeds. The hero, Vicomte de Corval is a fine type of man, and his many excellent qualities are well brought out under exceedingly difficult circumstances. The heroine, Margaret Swanwick, a Quaker lass, is exceedingly attractive. There are many other admirably drawn characters in the book. "The Red City" is a good book to be read, because it is not only an exceedingly interesting story, but because it does for the reader, what few readers can do for themselves, that is, give them a glimpse of social conditions among the leaders of the people of the United States at a time when the future of the nation was uncertain and the influence of the French Revolution was being felt on both sides of the Atlantic.

In the World Wide Magazine for December Sir Martin Conway, the famous alpinist, describes his attempt to reach the hitherto untrodden summit of Mount Sarmiento, the highest peak in desolate Tierra del Fuego. "The great mountain," says Sir Martin, "is only seven thousand two hundred feet high, but its glaciers reach to the sea, so that it may be compared on an equality, from a climbing point of view, with Mont Blanc, if that be thought of as sunk into water up to the snow region. On clear days Sarmiento is visible to voyagers through the Magellan Straits. It is a glorious mountain, surrounded by many other noble peaks. In form it is of supreme beauty and its surroundings are of the most romantic character. It was this peak that I desired to attempt." The intrepid climber was forced to forego his ascent of Sarmiento owing to the approach of a storm just when he seemed about to realize his ambition. His description of how the tempest fell upon him and his followers is well worthy of quotation. "The darkness in the north," he says, "was truly appalling. The heavens appeared to be descending in solid masses, so thick were the skirts of snow and hail that the advancing cloud-phalanx trailed beneath it. The black islands, the leaden waters, the pallid snows, and the splintered ice-encrusted peaks disappeared in the blackness of the storm, which enveloped us also, almost before we had realized that it was at hand. A sudden wind shrieked and whirled round our heads; hail was flung into our faces, and all the elements began to rage together. The ice-plastered rocks were now easily accounted for; we resembled them ourselves in a very few minutes. All landmarks vanished; the drifted snow itself was no longer distinguishable from the snow-filled air. To advance under these appalling conditions was impossible. The one thing to be done, and done at once, was to secure our retreat before it was too late." The party raced downwards and managed to save their lives, but Sir Conway has never yet made the attempt to climb that peak and Mount Sarmiento has still to be vanquished.

Mistaking a Hippopotamus for a Water Lily

Winston Churchill concludes his interesting account of "My African Journey" in the Christmas number of the Strand Magazine by giving a very lively description of life among the hippos—where President Roosevelt hopes to be some time next year. "We were soon among the hippopotami," says Churchill, "and at every bend of the river we came upon a herd of from five to twenty. To us in a steam launch they threatened no resistance or danger. But their inveterate hostility to canoes leads to repeated loss of life among the native fishermen, whose frail craft are crumpled like eggshells in the snap of enormous jaws. Indeed, all the way from here to Nimule they are declared to be the scourge and terror of the Nile. Fancy mistaking a hippopotamus—almost the largest surviving mammal in the world—for a water-lily! Yet nothing is more easy. The whole river is dotted with floating vegetation. I thought they also looked like giant cats peeping. So soon, however, as they saw us coming round a corner and heard the throbbing of the propeller, they would raise their whole heads out of the water to have a look, and then immediately dive to the bottom in disgust. Our practice was then to shut off steam and drift silently down upon them. In this way one arrives in the middle of the herd, and when curiosity or want of air compels them to come up again there is a chance shot. One great fellow came up to breathe within five yards of the boat and the look of astonishment, of alarm, of indignation, in his large, expressive eyes—as with one vast snort he plunged below—was comical to see."

"The Grand Christmas Double Number" has always been the important event of the year with the great illustrated London weeklies, and this year they have broken the record of all past performances in their editorial, artistic and mechanical excellence.

Special mention may be made of the London Graphic, the Illustrated London News, Black and White, The Sketch, and "Holly Leaves," which is the Christmas title for the Illustrated Sporting and Dramatic News. These are all notable products of the publisher's art, and among the premium plates that accompany them may be found some exceptionally fine reproductions of well selected paintings of the highest class, worthy of a permanent place in any home.

The Copp, Clark Co., Ltd., of Toronto, have issued their fall catalogue of books. It is beautifully illustrated, and the books mentioned in it are very numerous and of a high class. Presumably, this catalogue will be sent on application, and local booksellers probably have it. There is nothing more convenient for reference by those who contemplate making Christmas presents of books. Of works specially written for children many are catalogued; the subjects dealt with are interesting and instructive, and, judged from the samples, the illustrations are of a very high class.

LADY MINTO'S STOLEN JEWELS

Shortly before Lady Minto left India to attend the wedding of her daughter, Lady Ruby Elliot (now Viscountess Errington), a bag containing valuable jewelry was snatched from the hand of her maid, Miss Martin, at a railway station. These jewels have recently been recovered by the police at Ajmere, in the following circumstances, narrated by the Advocate of India: About the end of July, Mr. George Richmond, a director of the Inter-Oceanic Engineering Company, was obliged to leave Bombay for Simla, for the benefit of his health. On the journey up-country Mr. Richmond, who was traveling with Mrs. Richmond and their little boy, was robbed of valuable jewelry, a dressing-case containing silver-mounted toilet requisites, and Rs3,000 (£200). Mr. Richmond's butler had noticed two men, one a particularly showily-dressed native, wearing a large gold lace turban and a watch-bracelet, who had repeatedly entered the compartment where the luggage had been placed.

On receiving a description of the man the police at once instituted a search for him, and a native answering the description was found on the Ajmere platform. The police sepoy who found the man appears to have been intelligent above the ordinary. The man he suspected was lolling half-asleep on a station seat, and appeared to have been drinking. The sepoy went to the man and sat beside him. "You appear to be a very rich man," he remarked to the suspect. The latter admitted he owned a few rupees, and the sepoy, turning on him suddenly, said, "I know you have. You have Rs3,000 which you have stolen from Mr. George Richmond."

The thief collapsed, and offered the sepoy Rs500 to let him escape. The sepoy remarked that he was a poor man, but that was not enough. The two then began to bargain, and the discussion finally ended in the thief taking the policeman to his bungalow. The pair were followed by other policemen, and the house was searched and buried beneath the ground was discovered a quantity of jewelry and about Rs2,250 (£150).

Amongst the jewelry so discovered were the jewels stolen from Lady Minto, and also those stolen from Mr. Richmond. The travelling bag was afterward found on the railway-line, the thief having evidently thrown it from the train on to the metals, and another passing train had gone over it, destroying its contents. The man was prosecuted at Ajmere, and a heavy sentence inflicted upon him against which he has appealed.

HE KNEW

Teacher—You have named all the domestic animals save one. It has bristly hair, it is grimy, likes dirt, and is fond of mud. Well, Tom?

Tom (shamefacedly)—That's me.—Philadelphia Inquirer.