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NOTE.

It is to be understood that neither the Council of the Canadian Bankers' Association, nor any individual member of it, accepts responsibility for the opinions or facts stated in the Prize Essays printed in this number. This responsibility rests with the authors alone.

Questions may be submitted to the "Journal" at any time, and, when of general practical interest, will be printed along with such answers as may be approved of by the Council.

REPORT OF SPECIAL MEETING OF ASSOCIATION.

Pursuant to notice a special meeting of the Association for the election of a President was held at the office of the Association in Montreal, on Wednesday, the 6th December, 1893, at 3 o'clock.

The following Members were present or represented by proxy:—

Bank of British North America.
Bank of Ottawa.
Banque d'Hochelaga.
Bank of Toronto.
Banque Jacques Cartier.
Banque de St. Hyacinthe.
Bank of New Brunswick.

Bank of British Columbia.
Banque Ville Marie.
Canadian Bank of Commerce.
Dominion Bank.
Eastern Townships Bank.
Exchange Bank of Yarmouth.
Halifax Banking Company.
Imperial Bank of Canada.
Merchants' Bank of Canada.
Molsons Bank.
People's Bank of New Brunswick.
Quebec Bank.
Standard Bank of Canada.

Proxies were held by Messrs. Geo. Hague and A. M. Crombie.

The chair was occupied by Mr. Geo. Hague, one of the Vice-Presidents.

The Secretary-Treasurer read the notice calling the meeting.

The Chairman referred to the feeling expressed at the Annual meeting, that the Presidency for the year should be filled from amongst the Toronto Bankers. The Toronto Bankers, however, preferred to choose a Montrealer, which led to the election of E. S. Clouston, Esq. That gentleman having found himself unable to accept the position, the Toronto Bankers were desired to make a further choice, whereupon they agreed to support the election of James Stevenson, Esq., General Manager of the Quebec Bank. A letter from that gentleman was read stating his inability to act if elected. The Toronto Bankers having determined not to make any further suggestion, the Chairman stated that it was now for the meeting to proceed to the election of a President in ordinary course.

On motion of R. R. Grindley, Esq., seconded by B. E. Walker, Esq., the Secretary-Treasurer was appointed Scrutineer to receive the votes of the meeting.

A ballot being cast the Scrutineer reported the election of B. E. Walker, Esq., General Manager, of the Canadian Bank of Commerce, as President of the Association. His election was then confirmed.

Mr. Walker being present stated his acceptance of the office and expressed his thanks to the meeting.

After a short informal discussion—Mr. Walker being in the chair—there being no further business, the special meeting was declared closed.

W. W. L. CHIPMAN, *Secretary-Treasurer.*

GEO. HAGUE, *Chairman.*

Subsequently at a meeting of the Montreal members of the Executive Council, at which the newly elected President, B. E. Walker, Esq., was present, the following subjects were chosen for the next Prize Essay Competition amongst Associates :—

For Managers and Accountants.

1. WHAT HAVE BEEN THE CAUSES AND RESULTS OF THE LATE FINANCIAL CRISIS IN THE UNITED STATES, AND WHAT CAN CANADIAN BANKERS LEARN THEREFROM ?
2. WHAT IS THE BEST COURSE FOR A BANKER TO TAKE DURING AND AFTER A FINANCIAL CRISIS, OR A PERIOD OF GREAT FINANCIAL STRINGENCY ?

In dealing with the latter question the writer to have regard to the interests

1st. Of his Bank :

2nd. Of the mercantile community.

The two questions to be dealt with in one paper.

A first prize of..........................	$100
A second prize of.......................	60

For Officers below the rank of Accountant.

WHAT ARE THE SPECIAL SUBJECTS NECESSARY TO THE EDUCATION OF A GOOD BANK OFFICIAL IN CANADA, AND IN WHAT PRACTICAL WAYS MAY HE MAKE HIMSELF OF MOST SERVICE TO A BANK, AND THEREBY PLACE HIMSELF ON THE BEST ROAD TO PROMOTION.

A first prize of..........................	$60
A second prize of.......................	40

The competition will close on the 1st March, 1894.

Competitors are to sign their papers with a "nom-de-plume" or "motto" only, and are required to mail a copy of the same for identification to the Secretary-Treasurer of the Association at Montreal, along with their name, rank, and place of employment.

A committee will be appointed to examine the papers, and make the awards—all of which will be announced in due course.

With respect to the QUARTERLY JOURNAL it was recommended that an Editing Committee be formed to consist of three members resident in Toronto, and one member each at Montreal, Ottawa, and Halifax. Due announcement will be made as to the composition of this Committee. They will ask the cordial support of the Associates in conducting the Magazine, and will to some extent indicate what in their opinion the nature of its contents should be.

THE SILVER PROBLEM.

THE ISSUES OF BIMETALLISM STATED AND EXAMINED.

A Paper by an ASSOCIATE read before a private club.

There is probably no question in the domain of Economics which has excited a deeper interest on the part of the general public than that of Bimetallism, and which in proportion to the interest taken is so little understood. The public have confessed bewilderment at the endless discussion of what is called "The Silver Question" in its relation to particular interests, but a statement of the issues and argument of the main question is not readily accessible to them. The object of this paper is to endeavour to present a comprehensive summary of the case for Bimetallism, and to examine the arguments in support thereof.

When Bimetallism is spoken of nowadays it means not merely the use of the two metals as money in any country, but their unlimited coinage in all or at least the chief commercial countries of the world at a fixed ratio; bimetallism on any other basis is not any longer seriously discussed.

The *raison d'etre* of bimetallism is the dire need for more money, though if we examine into the position with regard to silver of those countries where the doctrines of the bimetallists have obtained any foothold, we may find reason for doubting whether it would ever have become a burning question were there none to uphold it except those individuals possessed of a profound conviction, uninfluenced by any other consideration, of the insufficiency of the world's gold supply for the work it is and may be called upon to perform.

Look, for instance, at India. Having hastily demonetised gold in 1853, when the ratio was 15½ to 1, in apprehension because of the great discoveries of that metal in Australia and California, lest it should permanently depreciate, she has made large annual additions to her then stock of silver, the whole representing an enormous loss to the country at its present value.

France is the holder of silver to the nominal value of $600,000,000, of which $100,000,000 is of foreign coinage.

Belgium has coined $100,000,000 of silver five-franc pieces, of which $60,000,000 is estimated to be outstanding and mostly held by the Bank of France. The loss on this sum will severely tax the resources of the little country should she be called on by the termination of the Latin Treaty to redeem it.

The state of things in Italy is not much better. When the Latin Union is dissolved her position with regard to her outstanding silver will be quite a serious one.

Add Holland, Spain and Portugal to this list of European countries flooded with silver money, and consider what bimetallism at 15½, 16, or even 20 to 1 would mean to them.

Finally, we have the case of the United States. Owning silver mines which turn out little short of half the entire production, and borne down by this interest joined with the forces of the Western and Southern farmers crying for "cheap money," she has been endeavoring for 14 years, against her better judgment, to stay the downward course of silver by buying in a certain amount annually, in the futile hope that the countries of Europe might be induced meantime to see the advantages of bimetallism. She is about being driven at last, through a period of widespread disaster largely attributable to distrust of her silver policy, to abandon her purchases, and her government now finds itself possessed of some $600,000,000 of silver, the value of which could only be known by placing it on the market.

These are the countries where bimetallic doctrines flourish. I merely mention these facts, however, as of interest in their bearing on the vitality of the silver question. We have only to deal with the arguments of bimetallist on their own merits. Their case may be stated as follows:

Since 1873 there has been a fall of prices which is illustrated by the following index numbers, showing the general level of prices in different years, furnished by an eminent German statistician. The figures are based on the average prices of a number of the most important commodities, the prices of 1867 being put down as 100:

1867	100
1873	111*
1874	102
1879	83
1880	88
1887	68
1888	70
1889	72
1890	72
1891	72
1892	68

These figures are not exact, since no distinction is made as to the relative importance of the commodities embraced, but they measure the fall with approximate correctness.

This enormous fall in prices is attributed by bimetallists to the appreciation of gold. They claim that the adoption of a gold standard in 1873 by Germany, and later by Norway, Sweden, Denmark, and Holland, and practically by,France also, together with fresh demands by other countries, has caused a strain on the world's gold supply which is fairly represented by the fall in prices, and further, as essential to the consideration of their case, that as the annual increase of the supply of gold available for money purposes is not proportionate to the increase of commerce this appreciation must continue, unless the supply of money is increased by the use of silver as well as gold. This fall of prices they declare to be an unmixed evil and the immediate cause of the depression of trade, a connection which would have to be examined as to what extent there is a universal depression

* 1873 marks the climax and collapse of a period of great inflation.

of trade before considering to what extent the various other conceivable causes of depression have operated.

This is the ground on which bimetallists have been given a hearing.

The absolute insufficiency of the world's gold reserves to sustain the load they have to carry, established, they propose that the Mints of at least all the chief commercial countries shall be open to the unlimited coinage of gold and silver alike at a certain fixed ratio, some claiming 15½ to 1 as the pre-ordained relation of value, while others, doubtless influenced by the ridiculous career of silver in late years, would be willing to compromise at figures ranging up to 20 to 1.

And they argue as to the effects of the adoption of their proposition:

First and foremost: That the media of exchange being then adequate for the world's commerce, prices would rise, or at least the fall of prices would cease.

Second: That the stability in value of the two metals would be greater combined, since fluctuations in them tend to counterbalance each other, and we should then have a "fair and permanent record of obligations over long periods of time."

Third: That trade would be facilitated by the removal of the fluctuations and uncertainties of exchange between gold and silver using countries.

The foundational element in the case for bimetallism is, as I have shown, the claimed insufficiency of the gold supply for the fabric it has to sustain, as evidenced by the great fall of prices in late years. If, therefore, we are able to convince ourselves that the fall of prices is clearly due for the most part to the operation of other causes, the argument on which the whole bimetallic case rests will fall to the ground. I think, however, that the sufficiency of the world's supply of gold is susceptible of proof of another kind also, which I will endeavor to give.

With regard then to the fall of prices. It is a matter of considerable astonishment that in the writings of bimetallists little or no qualification is made of the claim that the appreciation of gold is the fall of prices. On the other hand while eminent authorities have vehemently declared their belief that the fall of prices is due altogether to natural causes, that in point of fact there is no scarcity of gold, the ground has not as far as I can find, been exhaustively gone over; monometallists have been content to attack bimetallism on the ground of its impracticability in any event, and in this field the controversy has been carried on to wearisome lengths and has created what Giffen has termed "dismal literature." There seems to be no reasonable ground for doubt that natural causes, having to do with the great strides in the development of commerce, are very largely, if not entirely, responsible for the fall of prices in recent years. It is not possible within the scope of this paper to examine minutely, and by the aid of statistics, the precise degree to which various causes in this respect have probably contributed; but I think we cannot fail to appreciate the strength of these forces by presenting to our minds a broad review of them.

I do not know that I am open to the charge of exaggeration, in stating that the advancement made in the matter of economies in the commercial system has been as great in the past three decades, as in the previous three centuries.

The extension of the telegraphic system, which was specially marked in 1866 by the laying of the Atlantic cable, and in 1872 by the connection of Australia with the Asiatic mainland, has placed the producers in the remotest parts of the earth in possession of daily information as to the markets for their produce, and by minimizing the element of uncertainty, has encouraged and stimulated production and distribution. The multiplication of shipping lines to all inhabited coasts has enabled goods to be shipped in the most direct way. The great improvements in shipbuilding, the opening of the Suez canal in 1870, the prodigious growth of the railway system of America, have all combined to reduce the cost of carriage to figures the contemplation of which would have made the railway and shipping companies of 20 years ago stand aghast. As an illustration of this latter, the cost of carrying a ton of grain from Chicago to Liverpool, which was, in 1873, £1 12s., was, in 1888, 12 shillings, since when there has been a further marked reduction. Other commodities in America have shared in this reduction, and indeed these figures may be taken as an indication of the general reduction in long distance freight charges the world over. Nor has the revolution in the matter of production itself in late years been less marked.

Decreased cost of production is read in the history of every article from the factory, as well as in all the important ones from the field. Improved appliances in manufacturing, minuter division of labor, the tendency, particularly in America, to centralization of important industries in the hands of the few strong concerns, have struck from cost prices 20 to 60 per cent.; and in agriculture the opening up of immense tracts of fertile and cheap lands in America, farmed in parcels of 500 and 1000 acres, has made the production of cereals still more or less profitable at figures which almost mean starvation to agriculturists of many European countries. Over-production, especially in commodities in which speculation is most active, is still another potent factor. And, finally, we have keen competition, as to the force of which we can judge by the wail of business men generally at the disappearance of old time profits.

The fall of prices has been enormous, but these causes are sufficient to account for an enormous fall. That the fall is indeed due to them, I find very valuable evidence in some facts embodied in a recent exhaustive report issued by the United States Senate Finance Committee on the course of prices and wages since 1840. The index numbers which I quoted a moment ago, were based on London prices and embrace commodities in connection with which the elements just referred to play a most important part, for instance among others—

Cotton,	which fell	from	138.4	in 1873	to 70.05	in 1892
Wheat,	"	"	127.5	"	83.4	"
Wool,	"	"	105.8	"	74.9	"
Silk,	"	"	111.4	"	74.3	"
Iron,	"	"	155.0	"	87.1	"
Tin,	"	"	105.0	"	64.9	"
Sugar,	"	"	97.1	"	49.3	"
Tea,	"	"	120.	"	41.7	"
Petroleum,	"	"	100.	"	23.1	"

Whereas according to the report of the Senate Committee the simple average price of 17 articles of farm produce in America rose from 100 in 1860 to 117.7 in 1873, falling to 97.1 in 1891; but omitting from the 15 articles the great commodities wheat and cotton, which were mentioned before as having come under extraordinary influences, the rise of the remaining 13 articles was from 100 in 1860 to 115.3 in 1873, falling to 99.5 in 1891; while again taking the nine most important of the 15, including wheat and cotton, with meat, barley, corn, oats, rye, hemp and tobacco, and weighting them for their relative importance, the average price rose from 100 in 1860 to 106 in 1873, falling to 98.4 in 1891. The degree of steadiness here is remarkable, and the inference is clear, that in commodities which are marketed without having benefited by the extraordinary influence referred to the fall of prices is slight, not greater than might naturally be expected with the progress of civilization.

The report further discloses the important fact that the average wages of operatives in the important industries of the United States have risen from 100 in 1860 to 148.3 in 1873, and to 160.7 in 1891, an increase which it is hardly conceivable would have taken place concurrently with any important* appreciation of gold.

The proportion of the fall of prices which could possibly be chargeable to the appreciation of gold would appear to be at most merely fractional. Some monometallists are inclined to admit that the demonetisation of silver by Germany and other European powers in 1873 and the consequent absorption of gold for their purposes may have caused a slight appreciation of gold at that time, but they maintain that the adjustment having taken place that is no longer a consideration. Others, however, utterly deny any appreciation of gold.

Thus viewing the matter in the light of the fall of prices the conclusion forces itself upon us that whatever the merits of the remedy offered the disease does not exist.

If, however, we assume, for the purpose of argument only, that there has been a gradual appreciation of gold to some extent, apart from that immediately caused in 1873 by the absorption of gold by Germany and other powers for their original supply, the important consideration arises, before bimetallism could become an issue, as to whether we have attained the highest degree of

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* By "appreciation of gold" throughout this paper is meant an increased purchasing power due to causes altogether connected with gold itself, as distinguished from altered relations between the supply of and demand for commodities.

economy in the use of gold consistent with the safety and stability of our monetary systems.

The stocks of gold and silver used for the purposes of money in the principal countries of the world, as estimated a few weeks ago by the United States Bureau of the Mint, are as follows:

	Pop.	Gold.	Silver.	Total.
France	39	800	700	1,500
United States	67	600	615	1,215
India	255	....	900	900
China	400	....	700	700
United Kingdom	38	550	100	650
Russia	113	250	60	310
Spain	18	40	158	198
Italy	31	93	50	140
Austria-Hungary	40	40	90	130
Belgium	6	65	55	120
Egypt	7	100	15	115
Australia	4	100	7	107
Netherlands	4	25	65	90
Portugal	5	40	10	50
Canada	5	16	5	21

Among the notable features of the above figures are those of Canada. The explanation of the comparatively small stock of gold in this country lies in the fact that we have one of the most highly developed currency systems in the world. I do not propose, however, to set out and take Canada as the sole basis for demonstrating that in most of the above countries the stock of gold is beyond their needs—in some cases enormously so—under a scientific currency system. Whatever the convictions of Canadian bankers may be as to the soundness in principle of our system I should expect to find you somewhat sceptical of criticism based entirely upon it, of the long established systems of the great European countries. The case is to a great extent demonstrable without demanding the highest development of the world's currency systems on thoroughly scientific principles. Observe then the significance of the figures I have quoted. Great Britain, with a volume of trade many times that of France, and with a money market which is played battledore and shuttlecock with by every nation on the earth, has $550,000,000 of gold with only $100,000,000 of silver as a basis for that enormous trade, while quiet going France has a supply of $800,000,000 of gold in addition to $700,000,000 of silver. A comparison of the gold supply of other countries with that of Great Britain will also disclose disproportions with the same bearing, though perhaps to a lesser extent.

But is the wasteful use of gold by the different nations measured only by the excess of their gold stocks in proportion to Great Britain's?

Before entering on the consideration of this aspect of the question it is essential that we should have clearly in our minds the nature and use of metallic money.

Gold and silver perform the function of money—that is, of a measure of value—because of their value as commodities. It is true of course that their value is now influenced almost as much by the demand for them in the arts, nevertheless the basis of their use as money is their commodity value, this value being enhanced by the fact that, being above all other commodities suited for exchange media, their use in this connection renders it improbable that any considerable portion so used will ever be brought to market. I do not know that this definition would be suited to the requirements of economists in enunciating abstruse theories in connection with money and credit, but I think it is for practical purposes fairly sound, and its simplicity is helpful in the purpose for which it is given.

We have then to determine whether in some countries, were they possessed of a more highly organised monetary system, an equally efficient service might not have been obtained with the absorption of a lesser quantity of gold. That this is strikingly the case in several countries can be demonstrated without room for doubt, though to just what extent is a point on which opinions will differ.

One of the main functions of Banking is the economy of metal money, and the greatest strides that have been made in banking are in this direction.

The common notion in the minds of people—existing there hazily rather than thought out or expressed—respecting bank deposits, is that they are so much money (money being perhaps an equally hazy quantity) in the custody of banks, which they should be prepared to pay out of hand at any moment in any amount to meet any emergency whatever, and it is not an unknown occurrence for an entire community to test the ability of their banks in this respect by making a simultaneous demand on them for gold, with as eminently unsatisfactory results as could possibly be desired. Now while deposits are expressed in terms of gold, are legally payable in gold, and are in fact paid in gold or its equivalent under conditions where communities are pursuing sane objects, the position which banks occupy is by tacit acknowledgment fundamentally this: On the one hand they owe a duty to their depositors to place them in a position to the extent of their deposits to command wealth in the markets, while on the other hand they are possessed of, not gold, except in a moderate proportion, but of rights to wealth, which duty and rights are expressed in terms of the commodity gold. In the earlier forms of banking the depositor put himself in a position to command wealth by withdrawing gold from his banker to exchange for some other form of wealth, whereupon the other party to the exchange would deposit the gold with his banker (very often the banker from which the identical gold had just been withdrawn) either in creation of a fresh right against the banker or in extinction of an obligation to the banker. Nowadays, however, in highly developed banking systems the same ends are attained by the transfer of these rights to wealth by means of cheques, etc., from the accounts of one set of individuals to those of another set, a mere modicum of gold being used between banks only in settlement of the daily balances of these innumerable transfers. Banks seek to maintain their gold reserves from day to day at a figure many times in excess of the largest adverse balance there is any likelihood of, but the necessary reserve of actual gold bears but very moderate proportions to the deposit liabilities of banks.

Now the position of banks with regard to note issues is practically the same as in the case of deposits—the one being an obligation in the shape of a bank note and the other of a passbook—yet while only one country has legislated as to what proportion of gold a bank must hold as a reserve for their deposits there has always been a disposition on the part of Governments to legislate for the special protection of the note holder. Since the public have not the same free choice in handling currency as they have in selecting the bank with which they will deposit their wealth, there is no doubt good reason for specially protecting the note holder, particularly as it is quite possible to render a note circulation abundantly secure without destroying any of its essential qualities. Unfortunately, however, the desirability of this protection finds expression in some countries in currency systems in serious conflict with scientific principles, the idea of safety having run mad. A common fallacy in connection with note issues, and one that has been acted upon to a greater or lesser extent in several countries, is that for every note issued there should be gold for the face amount deposited with the issuer and retained by him until the note is redeemed. It would be just as sensible to demand that banks should hold in their vaults sacredly intact gold to the amount of the balance in every pass-book issued, as to demand this for note issues, where the latter are surrounded with such safeguards as to make them absolutely secure—only if that principle were in force as to deposits there would be no banks and we would revert to the condition of simple barter. The right exercisable under a deposit effects the same purpose as that under a bank note—in fact in late years cheques on bank accounts have supplanted bank notes, except to the extent to which the latter are necessary for small payments. It is no more conceivable that the public will simultaneously demand payment in gold of every bank note than that they will make the same demand for their deposits. They do not desire gold; they desire that the world shall continue as a going concern and that banks shall continue to perform the function of circulating commodities. To ensure this end no greater reserve is required against the liabilities of banks in respect to their note issues than against their liabilities in the shape of deposits; the reserve against both combined need but be substantial.

The case of England, with which I set out to deal, is a striking example of an unscientific currency based on such fallacies as the above. The note issues of the Bank of England are based, except to the extent of the Government debt to the bank, on the deposit of gold £ for £ of each note issued. But it happens fortunately that the banking system of the country has so developed and centred around the Bank of England that the bullion held against the note issues represents practically the entire banking reserve of the country, and this reserve, being not at all too large as it is, would be inadequate were the notes based on a lesser proportion of gold. No notes under £5 are, however, permitted to be issued, so that all the circulating media of the country except these large notes and the subsidiary silver, is gold, and herein lies a most prodigal use of gold. The central reserve of gold in the issue department of the Bank of England is from 100 to 125 million dollars, while the amount in circulation is from 400 to 450 millions, the latter performing a service which might be equally well performed by a third of that sum or less through the issue of small notes. Why the English people should prefer to carry around this mass of metal in their pockets in place of small notes it is difficult for us to understand. Their main prejudice against £1 notes appears to grow out of the fact that at the commencement of the present century, when English bankers were as inexperienced as they are now experienced, a crisis was brought about through the excessive issues of paper currency, which was charged to the agency of £1 notes, but this objection is too much like refusing to see the virtues of fire because of having misused it and got burnt.

The extent of England's transgression in the matter of the undue absorption of gold is embraced in a general way in the following statement:

The issue of £1 notes would have supplanted 400 odd millions of gold in the pockets of the people. Of this amount it would have been necessary to have retained as a reserve against the £1 notes not more than 100 millions, and it would, perhaps, have been desirable to retain another 100 millions to augment the central reserve. This ample provision made there would still be about 200 millions of gold in Britain in excess of her requirements under a better organized currency system.

It seemed tolerably clear, when considering the stocks of gold at present held by several countries, that the amounts were unduly large in some cases as compared with that of Great Britain, but if we concede that Britain's stock is itself beyond her needs there are very few countries in the list I have given which are blameless in the matter of the uneconomic use of gold, while as to France she is chargeable with nothing short of barbarism.

In the course of the money markets during the last few years there is not wanting evidence quite opposed to the view that even under present circumstances there is a scarcity of gold, but we can well afford to waive argument on that point as far as bimetallism is concerned. As to a scarcity of gold having regard to the actual requirements of a scientific currency, I think we are free to declare that it is not demonstrable. And until in this light it is demonstrable I need not repeat, bimetallism is not an issue.

Much stress is laid on the point that with the grewth of commerce there must be a proportionate increase in the supply of gold available for money, and that as the annual supply of gold at present will not permit of such a proportionate increase of the present stocks of gold, the value of this metal must appreciate. Whether or not, if the monetary systems of the world were remodelled so as to reduce the gold holdings to a reasonable figure, the annual production of gold would permit of increasing the supply of it used for money purposes in the same proportions as the increase of commerce, is a point I will not argue. The consideration which this argument of bimetallists suggests to my mind is whether the necessary annual increase of gold available as the basis of monetary systems is in the same proportions as the growth of commerce. I think it is clear it is not, and in support of this view observe the following figure in connection with the bullion in the Bank of England. You will bear in mind that the gold in the Bank of England is the central reserve of the country, the basis on which her vast trade is supported. The average bullion in the issue department of the bank during the year

1870	was	£22,300,000
1880		27,900,000
1882		20,400,000
1886		21,900,000
1890		20,800,000

that is despite the enormous growth of the country's trade in the interval, the reserve of gold on which that trade is based was 5 per cent less in 1890 than in 1870.

And this further illustration will serve to show the extent to which the use of gold can be economised, and incidentally throw some light on the question of what annual addition is necessary to the supply of gold used for monetary purposes.

On 31st December, 1892, the National Provincial Bank of England had deposits amounting to £41,800,000, the largest deposits of any bank in the United Kingdom, perhaps in the world. As a reserve against this great liability they held readily available assets of £8,400,000, representing the substantial reserve of 20 per cent. Of this amount, however, £3,500,000 was in the shape of loans at call, leaving £4,900,000 of "cash on hand and in Bank of England." The division of this amount is not ascertainable, but the probability is that about £1,500,000 was cash in hand—say £700,000 of gold coin and £800,000 Bank of England notes—the remaining £3,400,000 being on deposit in the Bank of England. The Bank of England held at that date a reserve in notes of the Issue department to the extent of 45 per cent of its deposits—that is, against the deposit of the National Provincial Bank they held notes amounting to £1,530,000. And the notes being represented in turn by gold bullion in the Issue department of the bank to the extent of 57 per cent, the reserve against the National Provincial's deposits works out thus:

Coin held by the National Provincial Bank..........	£700,000
Bullion reserve of 57 per cent against £800,000 of Bank of England notes held by the National Provincial and £1,530,000 the proportion of notes in the banking department of Bank of England applicable to the National Provincial's deposit..	1,328,000
Or an ultimate gold reserve of.........................	£2,028,000

being but 4.85 per cent of the National Provincial's deposit liabilities.

The National Provincial Bank, however, carries larger reserves than many of the English banks, and it is probable that the ultimate gold reserve of the combined banks, joint stock and private, worked out in this way would be appreciably less than 4 per cent. Now an absorption of gold by Britain to the extent of less than 4 per cent of the annual increase of the banks' liabilities would be a comparative trifle, and if the same proportions obtained in other countries the time when this absorption would

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press unduly on the available annual supply is not at present within our vision. It is not admitted, however, that the necessary ratio of increase is by any means 4 per cent.

Viewing the question then from the standpoint of the supply of gold relative to requirements, I think we are bound to conclude again that the case on which bimetallists claim a hearing is not made out.

Turning now from the discussion of the proposed need of a better standard of value, let us discover what the institution of bimetallism would mean.

I need not remind you how in patriarchal times gold and silver had come to be recognized as precious metals, and to be used as money. In those times and on throughout the first 1000 years of the Christian era, during which space their use as money had become diffused over Asia and Europe, silver was valued in relation to gold at 8 or 10 to 1. By the middle ages the ratio had fallen 12 to 1, and continued gradually falling till in the middle of the eighteenth century it reached 15½ to 1, and this steady and persistent fall in spite of the fact that silver was almost, if not quite as widely used for money as gold. At this ratio, however, it remained with only slight fluctuations for about 100 years, which led to the belief, widely shared as we have seen, that this was the true relation of value for eternity. Thus it comes about that the ratio of 15½ to 1 is almost inseparable from bimetallism, though there are not wanting indications that some countries would be glad to compromise now at even 20 to 1. I should expect to find, if we had access to the literature on the subject, that the earliest school of bimetallists had just as deep rooted a conviction that the true relation of value was 10 or 12 to 1. Consider for a moment what the situation would be to-day had the world adopted bimetallism when the ratio was 10 to 1, and yet bimetallism might just as well have been adopted at that ratio then as at any other ratio now.

The downward course of silver is attributed by bimetallists altogether to the fact that it was demonetised by several countries between 1870 and 1880. Its value prior to that date, however, had been sustained by the enormous absorption of the metal for money purposes, the greater proportion of the production having gone to that use, and as several countries had amassed quantities amply sufficient for their requirements until their commerce had assumed much greater dimensions, the demand for the metal from those sources was bound to abate, for it is clear that there is a point beyond which the monetary system of a country will not continue to absorb metal money. Therefore, even if Germany and the Scandinavian countries had not demonetised silver (in which event it would have been in use as money to nearly the same extent as gold) it is absolutely certain in view of the silver discoveries in Nevada in 1873, when the total annual production was suddenly doubled, and also considering how much the present enormous production would have been increased with the prolongation of its price at the level of 15½ to 1, that there would have been sooner or later a very considerable fall. As, bearing on this point, the Assay master of the British Mint estimated, about the year 1889, that the cost of the production of silver was 1 part of gold to 44 of silver, while the master of the United States Mint estimated it at 35·3 to 1. The annual comparative cost of production of the two metals is a considerably larger proportion of silver to 1 part of gold.

Nevertheless the advocates of the dual standard continue to urge its adoption at a fixed ratio, their ideas as to this ratio at present ranging from 15½ to 20 to 1. And we have to endeavor to conceive what the result of introducing such a standard would be.

The ratio of value between the two metals is at present about 27½ to 1. The enactment of a legal ratio at anything lower, say at 15½, would cause the purchasing power of gold to depreciate and the purchasing power of silver to appreciate till they met at the point where 15½ ounces of silver would purchase as much as 1 ounce of gold—that is, in gold standard countries prices would rise in a night, one might say, almost as much as they had fallen in thirty years, while, on the other hand, in silver standard countries an equally violent fall of prices would ensue. The effects of such a revolution upon the world's commerce can well be left to the imagination. That countries now on a gold basis will ever be brought to join in a step involving such consequences to themselves it is idle to suppose. The first step in this bimetallic cure requires infinitely more courage to contemplate than all the assumed evils awaiting us if we fail to institute it.

But this violent adjustment completed, what would then follow? The value of gold being depreciated it is natural to expect that its production would fall off, while the enhanced price of silver would stimulate its production; the proportion of gold absorbed in the arts would be increased, while silver at the outset would flow in increased quantities into the channels of money. So long as the amount of silver which at the then value of it is not absorbed in the arts, is approximately equivalent to the demand for it in the monetary syetems, and provided the demand for gold in the arts does not use up the entire annual supply, this bimetallic standard would perhaps work smoothly. It may be urged however, that as the stocks of metal amassed by the older civilized countries are already more than abundant for their needs as a whole, the demand for the precious metals in the future will be mainly in newly developed countries; and that looking to the enormously greater economy in the use of gold and silver as money which the development of Banking systems is certain to bring about, the proportions of the annual combined productions of the two metals which the monetary systems will absorb, will largely decrease. Adjustment will then take place through the value of the metals falling to the point where the production being necessarily decreased, and the demand for the arts increased, the total supply equals the total demand. The fall of the two metals combined, brought about through silver being overvalued, might quite possibly drag gold down to a point where the increased annual consumption in the arts would exceed the decreased annual supply, and gold would commence to disappear from circulation as money, and it would be a question of time as to when the world's currency would be on a silver basis with gold at a premium. Much of the controversy centres around a point in this connection. Bi-metallists have affirmed that it is possible for governments to regulate the value of the two metals indefinitely on parallel lines, and, challenged with the declaration that governments are impotent to counteract the laws of supply and demand, they have replied that so long as the Mints of the world are open to either metal at the fixed ratio it is impossible for their relative values to vary. This would be quite true if governments were purchasers of the metals in the capacity, as it were, of consumers, if they gave value for them and stored the surplus beyond actual requirements of the artificially valued metal out of use, but they are not purchasers in any such sense. The metal which governments take in payments of duties etc., as well as the metal which comes to the Mints to be coined and returned to the owners, all flows into the monetary system, and when this flow is in excess of the requirements, the excess is by action of forces operating in a complex manner, precipitated on the market as a commodity, immediately lowering its value, of course when the supply is beyond the demand, a process which under bi-metallism might continue until, as I have shown, the point is reached where the dearer metal disappears from circulation and goes to a premium.

Then as to the ethical aspect of bi-metallism. It would mean to the owners of gold mines, to the holders of securities payable in gold, and to the creditor class in gold standard countries, that the purchasing power of the commodity in which their share of the world's wealth is returnable to them, shall be by the action of law in part destroyed, while on the other hand, to the owners of silver mines, of securities payable in silver, and to the creditor class in silver standard countries generally, it would mean that the purchasing power which is violently wrested from gold shall be added to the commodity returnable to them. In a word it involves the violation of all the natural laws of supply and demand, the robbery of one class and the corresponding enrichment of the other.

If bi-metallism only contemplated the fixing of the ratio at whatever the market value might be at the moment of its institution, it would still be a vicious interference with the freedom of trade, a form of protection than which a more unjustifiable could not be well imagined. I am aware that to the latter bi-metallists reply that the declaration that gold only shall be legal tender, is open to the same objection, but there is no parallel. Different people have in different times formed preferences for one metal or the other; commerce came to be moulded to the accepted metal, and the law of legal tender merely recognised the preference and interpreted contracts for the payment of money.

Bi-metallists ask the co-operation of the nations in the construction of economic laws by the enactment of laws which would involve heavy losses to some nations and wrong to individuals of those nations, with a corresponding enrichment of other nations and individuals, and a commercial revolution of appalling magnitude. The object to be gained is that we may have a standard of value which will not fluctuate as much as a standard of either metal singly, and which will be a fair and permanent record of obligations over long periods of time.

That, having waded through revolution to attain it, the bimetallic standard would afford such a record, there is no certainty whatever. On the contrary, as I have pointed out, it is quite conceivable that we would in time find ourselves practically on a silver basis with far greater fluctuations than under gold.

The struggle for bimetallism is a struggle on the part of countries whose national wealth is in part measured by their mines of silver, to stay its fall to its true value at the expense of the world at large, and of countries which, having made the unfortunate selection of silver as a basis of value, and finding themselves flooded with such quantities of it as involve an enormous loss at present prices, and a probable further loss before it reaches its true value, seek to divide a loss, which is no one's but their own, with other countries. The agitation for bimetallism has never at any time gained much headway—indeed, within the last twenty years some of the foremost economists have declined absolutely to discuss it as a serious proposition, and it is now distinctly losing its force.

Gold has found its way into the chief monetary systems of the world by reason of its elemental force, because it possesses above all other metals the essential qualities of money, and the conviction is largely shared that it has been a remarkably stable standard. If, in the near future, the demand for gold should cause an appreciation of that metal, relief will be sought elsewhere than in bimetallism. We might fairly expect, for instance, that when the price of silver reaches the point where its commodity demand will stay further important depreciation, it will once more find favor as a standard of value with other countries than that of the heathen Chinee. The belief forces itself as one, however, that, having in view the great economy in the use of the metals which will be possible under highly perfected banking systems, a serious appreciation of gold is not a probability within our time.

I mentioned at an early stage that monometallists have been content for the most part to argue that bimetallism was in any event impracticable, and I think it well in closing to state a portion of their argument in this connection, which seems to me unanswerable. They urge that in the utterly improbable event of the nations agreeing on the general principles of bimetallism, there would arise the difficulty of reconciling the views of nations who have no special interest in silver, and who would be unwilling to accept a lower ratio than that of the day, with those of nations who believe that the value of silver has by unfair discrimination been lowered beyond its proper level. The insurmountable nature of this difficulty can only be appreciated to its full extent by those who have ever striven to bring about unanimity of view among any large body of men in matters where the common interest was infinitely clearer than here. But if this point were reached, they further urge that the agreement would be liable to be broken in the event of disastrous wars, and that it is inconceivable that the ratio could be maintained for all time in the face of any serious divergence in the values of the two metals. The danger of one or more countries in case of war retiring from the compact, would be a constant menace to the even course of the world's commercial prosperity, while, if a serious fall in the value of one of the metals made a change in the ratio imperative, prices of all commodities would be subjected to a violent fluctuation, a graver evil than a gradual rise or fall over a series of years; but the necessity of an alteration of the ratio suggests complications respecting the different holdings of the metals by the respective countries, which merely add to the already overwhelming burden of difficulties in the way of bimetallism.

BANK RESERVES.

A financial article which lately appeared in the Montreal "Witness" on this subject had several serious misstatements of fact and misapprehensions of principle. The following article on the subject appeared in a subsequent issue of the paper bearing the signature of the late President of the Canadian Bankers' Association. The article speaks for itself:—

To the Editor of the 'Witness.'

Sir,—May I be allowed a little space to make a remark or two on the statements in your article on the financial situation in the "Witness" of Friday last, which statements I submit, are calculated most seriously to mislead your readers both with regard to what has transpired in the past and with regard to the present position of our banking institutions.

The subject of requiring banks by force of law to keep on hand a certain proportion of available resources to their liabilities was first mooted when the bank charters were renewed in 1870. Sir Francis Hincks was then Finance Minister and held strong views as to the desirableness of such a rule being incorporated in the Bank Act. Sir Francis though a man of the highest eminence as a finance minister, was not a practical banker, and when his views on this subject were brought forward they were received with unanimous disapproval by all the bankers present, including Mr. E. H. King, Mr. Paton of the British Bank, Mr. Stevenson of the Quebec Bank, and Mr. Lewin of the Bank of New Brunswick. Having been present and taken part in every one of the numerous conferences that took place in Ottawa at that time I can speak from actual knowledge and not from hearsay. All the bankers were impressed, as every conservative banker is, with the importance of keeping at all times fully adequate reserves, though they were not all agreed as to what an adequate reserve should be. But they were unanimous against the principle of requiring any specified reserve to be kept by force of law. They took the unassailable ground that a reserve that must be kept is no reserve at all. A reserve that cannot be used is obviously an absurdity; just as the reserve of an army would be if a general were forbidden to bring it into action. The representations made by bankers, and the force of the arguments they used prevailed with Sir Francis Hincks, and no such clause as he desired at first was embodied in the bill.

The matter was discussed again in conferences of bankers with the Government in 1890, but the writer of your article has given an entirely inaccurate account of what took place on that occasion. The Finance Minister had adopted the same view of the matter as that formerly held by Sir Francis Hincks, and was strenuous in his determination to have it embodied in the Banking Act. But an overwhelming majority of the bankers were equally strenuous in opposing it. It is absolutely incorrect to say, as the writer of the article has done, that a number of the more conservative bank managers favored it. Many discussions took place, between the bank managers, both amongst themselves and with the Finance Minister, and in none of these conferences was the proposal of the Government favored. The Finance Minister being immovable in his determination, the bankers appealed to the whole Cabinet, and on being courteously granted a hearing, presented their arguments at length. They repeated what had been stated to Sir Francis Hincks twenty years before, and in addition could bring forward an additional argument of great strength, viz., that in the only country in the world where such a rule prevailed, viz., in the United States, it had repeatedly broken down by force of circumstances, had led to a disregard of the law during every year it had prevailed, and had caused immense mischief to the finances and commerce of the country. After hearing our arguments, Sir John Macdonald desired the views of the bankers to be put in writing, which was done. The matter was then deliberately and carefully considered by the whole body of ministers, who gave their decision in favor of the views of the bankers. The clause as proposed by the Finance Minister was therefore, struck out of the bill. There is thus to be found against the theory of the writer of the article, the opinion of the eminent bankers assembled in 1870, the concurrence of Sir Francis Hincks, the united judgment of the vast majority of the bankers assembled in 1890, and, above all, the deliberate opinion of the Privy Council of Canada, arrived at after the most careful consideration of the arguments on the subject, both pro and con. This is a true statement of what has transpired in the past, and I must repeat that none of it is derived from hearsay, bnt from the personal knowledge of one who took part in all the deliberations.

With regard to the subject of bankers' reserves, I may speak from the experience of thirty years as cashier of one bank, and general manager of another, during which time I have seen and have conducted a bank through every possible phase through which a bank can pass, have seen both runs and drains and panics, and I say deliberately that no fixed rule can be laid down with regard either to the total available resources which a banker should keep or the amount of actual cash in hand which should form part of that reserve. Mr. Walker is quoted in a manner which I am sure he would repudiate. And I must emphatically protest against the manner in which certain banks are charged with carelessness in this matter, and with endangering the position of their more convervative neighbors. There are a good many of the banks in the list you furnish that have good reason to remonstrate at such gross misrepresentation. It is not true that conservative bankers generally are of the opinion that legal tender reserves should not be permitted to fall below this, that, or the other, for this clearly implies that many banks well known for their stability and conservative principles are acting contrary to their convictions. Such serious charges should not be made unless they can be proved. The only thing that can be truly said about this matter is, as has been said in the article, that opinions differ. It is well known to those whose acquaintance with the subject is practical, that what is a strong reserve to one bank would be a weak reserve to another, that what would be a strong reserve at one time would be a weak reserve at another; that the same amount of cash as would be entirely inadequate at one time would be amply adequate at another; that a banker may at one time be perfectly safe in having his available resources in the shape of balances in foreign countries, or in England, and at another time seek the path of prudence by drawing in such balances and holding a large amount in cash. The only fair, rational and proper statement of a bank's position is to take in all its available resources. Any attempt to do otherwise, however plausible it may seem, is unfair, irrational, misleading, and betrays a want of practical familiarity with the subject.

The writer of your article says that he does not quarrel with soundness of the banks, but with their practice in one particular. But what possible relevancy can such statements and comparisons have but as bearing on their soundness? It is the soundness of banks with which the public are concerned, and as bearing on their soundness I must take leave to say that the comparative table furnished in the article is grossly misleading. I write strongly and for a good reason. The subject is too important to be trifled with. Bankers are not keeping a school, but conducting the business of the country. The writer makes some remarks about some supposed loose action of clearing houses which have as little foundation as the other. The clearing houses may be left to take care of themselves, but the Dominion Government is not likely to take any measures merely to further theories which have been discussed by the Government itself, and which theories they have rejected as impolitic and impracticable.

GEORGE HAGUE.

Merchants Bank of Canada,
Montreal, Nov. 4th, 1893.

THE OLD LADY OF THREADNEEDLE STREET.

From "Household Words, 1850," by Charles Dickens.

PERHAPS there is no Old Lady who has attained to such great distinction in the world, as this highly respectable female. Even the Old Lady who lived on a hill, and who, if she's not gone, lives there still; or that other Old Lady who lived in a shoe, and had so many children she didn't know what to do,—are unknown to fame, compared to the Old Lady of Threadneedle Street. In all parts of the civilized earth, the imaginations of men, women, and children figure this tremendous Old Lady of Threadneedle Street in some rich shape or other. Throughout the length and breadth of England, old ladies dote on her; young ladies smile on her; old gentlemen make much of her; young gentlemen woo her; everybody courts the smiles, and dreads the coldness, of the powerful Old Lady in Threadneedle Street. Even prelates have been said to be fond of her; and Ministers of State to have been unable to resist her attractions. She is next to omnipotent in the three great events of human life. In spite of the old saw, far fewer marriages are made in heaven, than with an eye to Threadneedle Street. To be born in the good graces of the Old Lady of Threadneedle Street, is to be born to fortune; to die in her good books, is to leave a far better inheritance, as the world goes, than "the grinning honor that Sir Walter hath," in Westminster Abbey. And there she is, forever in Threadneedle

Street, another name for wealth and thrift, threading her golden-eyed needle all the year round.

This Old Lady, when she first set up, carried on business in Grocers' Hall, Poultry; but in 1732 she quarrelled with her landlords about a renewal of her lease, and built a mansion of her own in Threadneedle Street. The director of her affairs was then Sir John Houblon, on the site of whose house and garden she reared her new abode. This was a modest structure, somewhat dignified by having a statue of William the Third placed before it; but not the more imposing from being at the end of an arched court, densely surrounded with habitations, and abutting on the church-yard of St. Christopher le Stocks.

But now, behold her, a prosperous gentlewoman in the hundred and fifty-seventh year of her age; "the oldest inhabitant" of Threadneedle Street! There never was such an unsatiable Old Lady for business. She has gradually enlarged her premises, until she has spread them over four acres; confiscating to her own use, not only the parish church of St. Christopher, but the greater part of the parish itself.

We count it among the great events of our young existence, that we had, some days since, the honor of visiting the Old Lady. It was not without an emotion of awe that we passed her Porter's Lodge. The porter himself, blazoned in royal scarlet, and massively embellished with gold lace, is an adumbration of her dignity and wealth. His cocked hat advertises her stable antiquity as plainly as if she had written up, in imitation of some of her lesser neighbors, "established in 1694." This foreshadowing became reality when we passed through the Hall,—the tellers' hall. A sensation of unbounded riches permeated every sense, except, alas! that of touch. The music of golden thousands clattered in the ear, as they jingled on counters, until its last echoes were strangled in the puckers of tightened money-bags, or died under the clasps of purses. Wherever the eye turned, it rested on money; money of every possible variety; money in all shapes; money of all colors. There was yellow money, white money, brown money; gold money, silver money, copper money; paper money, pen and ink money. Money was wheeled about in trucks; money was carried about in bags; money was scavengered about with shovels. Thousands of sovereigns were jerked hither and thither from hand to hand,—grave games of pitch and toss were played with staid solemnity; piles of bank-notes—competent to buy whole German dukedoms and Italian principalities—hustled to and fro with as much indifference as if they were (as they had been) old rags.

This Hall of the Old Lady's overpowered us with a sense of wealth; oppressed us with a golden dream of Riches. From this vision an instinctive appeal to our own pockets, and a few miserable shillings, awakened us to Reality. When thus aroused we were in one of the Old Lady's snug, elegant waiting-rooms, which is luxuriously Turkey-carpeted and adorned with two excellent portraits of two ancient cashiers; regarding one of whom the public were warned:—

"Sham Abraham you may,
I have often heard say:
But you mustn't sham 'Abraham Newland.'"

There are several conference-rooms for gentlemen who require a little private conversation with the Old Lady,—perhaps on the subject of discounts.

It is no light thing to send in one's card to the Foster-Mother of British commerce; the Soul of the State; "the Sun," according to Sir Francis Baring, around which the agriculture, trade, and finance of this country revolves; the mighty heart of active capital, through whose arteries and veins flows the entire circulating medium of this great country. It was not, therefore, without agitation that we were ushered from the waiting-room, into that celebrated private apartment of the Old Lady of Threadneedle Street,—the Parlour,—the Bank Parlour,—the inmost mystery,—the *cella* of the great Temple of Riches.

The ordinary associations called up by the notion of an old lady's comfortable parlour were not fulfilled by this visit. There is no domestic snugness, no easy chair, no cat, no parrot, no japanned bellows, no portrait of the Princess Charlotte and Prince Leopold in the Royal Box at Drury Lane Theatre; no kettle-holder, no worsted rug for the urn, no brass footman for the buttered toast, in the parlour in Threadneedle Street. On the contrary, the room is extensive,—supported by pillars; is of grand and true proportion; and embellished with architectural ornaments in the best taste. It has a long table for the confidential managers of the Old Lady's affairs (she calls these gentlemen her Directors) to sit at; and usually a side-table fittingly supplied with a ready-laid lunch.

The Old Lady's "Drawing" Room is as unlike—but then she is such a peculiar Old Lady!—any ordinary Drawing-room as need be. It has hardly any furniture, but desks, stools, and books. It is of immense proportions, and has no carpet. The vast amount of visitors the Old Lady receives between nine and four every day, would make lattice-work in one forenoon of the stoutest carpet ever mannfactured. Every body who comes into the Old Lady's Drawing-room delivers his credentials to her gentlemen-ushers, who are quick in examining the same, and exact in the observance of all points of form. So highly prized, however, is a presentation (on any grand scale) to the Old Lady's Drawing-room, notwithstanding its plainness, that there is no instance of a Drawing-room at Court being more sought after. Indeed, it has become a kind of proverb that the way to Court often lies through the Old Lady's apartments, and some suppose that the Court Sticks are of gold and silver in compliment to her.

As to the individual appearance of the Old Lady herself, we are authorized to state that the portrait of a Lady (accompanied by eleven balls on a sprig, and a beehive) which appears in the upper left-hand corner of all the Bank of England Notes, is NOT the portrait of *the* Lady. She invariably wears a cap of silver paper, with her yellow hair gathered carefully underneath. When she carries any defensive or offensive weapon, it is not a lance, but a pen; and her modesty would on no account permit her to appear in such loose drapery as is worn by the party in question,—who we understand is depicted as a warning to the youthful merchants of this country to avoid the fate of George Barnwell.

In truth, like the Delphian mystery, SHE of Threadneedle Street is invisible, and delivers her oracles through her high-priests; and, as Herodotus got his information from the priests in Egypt, so did we learn all we know about the Bank from the great officers of the Myth of Threadneedle Street. All of them are remarkable for great intelligence and good humor, particularly one, MR. MATTHEW MARSHALL; for whom the Old Lady is supposed to have a sneaking kindness, as she is continually promising to pay him the most stupendous amounts of money. From what these gentlemen told us, we are prepared unhesitatingly to affirm, in the teeth of the assertions of Plutarch, and Pliny, and Justin, that although Crœsus might have been well enough to do in the world in his day, he was but a pettifogger compared with the Great Lady of St. Christopher le Stocks. The Lydian king never employed nine hundred clerks, or accommodated eight hundred of them under one roof; and if he could have done either, he would have been utterly unable to muster one hundred and thirty thousand pounds a year to pay them. He never had bullion in his cellars, at any one time, to the value of sixteen millions and a half sterling, as our Old Lady has lately averaged; nor "other securities"—much more marketable than the precious stones Crœsus showed to Solon—to the amount of thirty millions. Besides, *all* his capital was "dead weight"; that in Threadneedle Street is active, and is represented by an average paper currency of twenty millions per annum.

After this statement of facts, we trust that modern poets, when they want an hyperbole for wealth, will cease to cite Crœsus, and draw their future inspirations from the shrine and cellars of the Temple opposite the Auction Mart; or, as the late Mr. George Robins designed it, when professionally occupied, "The Great House over the way."

When we withdrew from the inmost fane of this Temple, we were ushered by the priest, who superintends the manufacture of the mysterious Deity's oracles, into those recesses of her Temple in which these are made. Here we perceived, that, besides carrying on the ordinary operations of banking, the Old Lady is an extensive printer, engraver, bookbinder, and publisher. She maintains a steam-engine to drive letter-press and copper-plate printing machines, besides the other machinery which is employed in various operations, from making thousand-pound notes to weighing single sovereigns. It is not until you see three steam-printing machines,—such as we use for this publication,—and hear that they are constantly revolving, to produce, at so many thousand sheets per hour, the printed forms necessary for the accurate account-keeping of this great Central Establishment and its twelve provincial branches, that you are fully impressed with the magnitude of the Old Lady's transactions. In this one department no fewer than three hundred account books are printed, ruled, bound, and used every week. During that short time they are filled with MS. by the eight hundred subordinates and their chiefs. By way of contrast, we saw the single ledger which sufficed to post up the daily transactions of the Old Lady on her first establishment in business. It is no bigger than that of a small tradesman's, and served to contain a record of the year's accounts. Until within the last few years, visitors to the Bullion Office were shown the old box into which the books of the Bank were put every night for safety during the Old Lady's early career. This receptable is no bigger than a seaman's chest. A spacious fire-proof room is now nightly filled with each days accounts, and they descend to it by means of a great hydraulic trap in the Drawing Office; the mountain of calculation when collected being too huge to be moved by human agency.

These works are, of course, only produced for private reference; but the Old Lady's publishing business is as extensive as it is profitable and peculiar. Although her works are the reverse of heavy or erudite,—being "flimsy" to a proverb,—yet the eagerness with which they are sought by the public surpasses that displayed for the productions of the greatest geniuses who ever enlightened the world: she is, therefore, called upon to print enormous numbers of each edition,—generally one hundred thousand copies; and reprints of equally large impressions are demanded, six or seven times a year. She is protected by a stringent copyright; in virtue of which piracy is felony, and was, until 1831, punished with death. The very paper is copyright, and to imitate even that entails transportation. Indeed, its merits entitle it to every protection, for it is a very superior article. It is so thin, that each sheet, before it is sized, weighs only eighteen grains; and so strong, that, when sized and doubled, a single sheet is capable of suspending a weight of fifty-six pounds.

The literature of these popular prints is concise to terseness. A certain individual, duly accredited by the Old Lady, whose autograph appears in one corner, promises to pay to the before-mentioned Mr. Matthew Marshall, or bearer, on demand, a certain sum, for the Governor and Company of the Bank of England.

There is a date and a number; for the Old Lady's sheets are published in Numbers; but, unlike other periodicals, no two copies of hers are alike. Each has a set of numerals, shown on no other. It must not be supposed, from the utter absence of rhetoric in this Great Woman's literature, that it is devoid of ornament. On the contrary, it is illustrated by eminent artists: the illustrations consisting of the waves of a watermark made in the paper; a large black blot, with the statement in white letters, of the sum which is promised to be paid; and the portrait, referred to in a former part of this account, of the Wonderful Old Lady.

She makes it a practice to print thirty thousand copies of these works daily. Every thing possible is done by machinery,—engraving, printing, numbering; but we refrain from entering into further details of this portion of the Old Lady's Household here, as we are preparing a review of her valuable works, which shall appear, in the form of a History of a Bank-note. The publication department is so admirably conducted, that a record of each individual piece of paper launched on the ocean of public favor is kept, and its history traced till its return; for another peculiarity of the Old Lady's establishment is, that every impression put forth comes back,—with few exceptions,—in process of time, to her shelves; where it is kept for ten years, and then burnt. This great house is, therefore, a huge circulating library. The daily average number of notes brought back into the Old Lady's lap,—examined to detect forgeries; defaced: entered upon the record made when they were issued; and so stored away that they can be reproduced at any given half-hour for ten years to come,—is twenty-five thousands. On the day of our visit, there came in twenty-eight thousand and seventy-four of her picturesque pieces of paper, representing one million one thousand two hundred and seventy pounds sterling, to be dealt with as above, preparatory to their decennial slumber on her library shelves.

The apartment in which the notes are kept *previous* to issue is the Old Lady's Store room. There is no jam, there are no pickles, no preserves, no gallipots, no stoneware jars, no spices, no anything of that sort, in the Store-room of the Wonderful Old Lady. You might die of hunger in it. Your sweet tooth would decay and tumble out, before it could find the least gratification in the

Old Lady's Store room. There was a mouse found there once, but it was dead, and nothing but skin and bone. It was a grim room, fitted up all around with great iron safes. They look as if they might be the Old Lady's ovens, never heated. But they are very warm in the City sense; for when the Old Lady's two store-keepers have, each with his own key, unlocked his own one of the double locks attached to each, and opened the door, Mr. Matthew Marshall gives you to hold a little bundle of paper, value two millions sterling; and, clutching it with a strange tingling, you feel disposed to knock Mr. Matthew Marshall down, and, like a patriotic Frenchman, to descend into the streets.

No tyro need be told that these notes are representatives of weightier value, and were invented partly to supersede the necessity of carrying about ponderous parcels of precious metal. Hence,—to treat of it soberly,—four paper parcels taken out, and placed in our hands,—consisting of four reams of Bank-notes ready for issue, and not much more bulky than a thick octavo volume,—though they represent gold of the weight of *two tons*, and of the value of two millions of pounds sterling, yet weigh not quite one pound avoirdupois each, or nearly four pounds together. The value in gold of what we could carry away in a couple of side pockets (if simply permitted by the dear Old Lady in Threadneedle Street, without proceeding to extremities upon the person of the Chief Cashier) would have required, but for her admirable publications, two of Barclay and Perkin's strongest horses to draw.*

We have already made mention of the Old Lady's Lodge, Hall, Parlour, Store room, and Drawing-room. Her Cellars are not less curious. In these she keeps neither wine, nor beer, nor wood, nor coal. They are devoted solely to the reception of the precious metals. They are like the caves of Treasures in the Arabian Nights; the common Lamp that shows them becomes a Wonder-Lamp in Mr. Marshall's hands, and Mr. Marshall becomes a Genie. Yet only by the power of association; for they are very respectable arched cellars, that would make dry skittle grounds, and have nothing rare about them but their glittering contents. One

* One thousand sovereigns weigh twenty-one pounds, and five hundred and twelve Bank-notes weigh exactly one pound.

vault is full of what might be barrels of oysters,—if it were not the Russian Loan. Another is rich here and there with piles of gold bars, set crosswise, like sandwiches at supper, or rich biscuits in a confectioner's shop. Another has a moonlight air from the presence of so much silver. Dusky avenues branch off, where gold and silver amicably abide their time in cool retreats, not looking at all mischievous here, or anxious to play the devil with our souls. O for such cellars at home! "Look out for your young master half a dozen bars of the ten bin." "Let me have a wedge of the old crusted." "Another Million before we part,—only one Million more, to finish with!" The Temperance Cause would make but slow way, as to such cellars, we have a shrewd suspicion!

Beauty of color is here associated with worth. One of these brilliant bars of gold weighs sixteen pounds troy, and its value is eight hundred pounds sterling. A pile of these, lying in a dark corner,—like neglected cheese, or bars of yellow soap,—and which might be contained in an ordinary tea-chest, is worth two hundred and ten thousand pounds. Fortune herself, transmuted into metal, seems to repose at our feet. Yet this is only an *eightieth* part of the wealth contained in the Old Lady's cellars.

The future history of this metal is explained in three sentences; it is coined at the Mint, distributed to the public, worn by friction (or "sweated" by Jews) till it becomes light. What happens to it then we shall see.

By a seldom failing law of monetary attraction, nearly every species of cash, "hard" or soft, metallic or paper, finds its way some time or other back to the extraordinary Old Lady of Threadneedle Street. All the sovereigns returned from the banking-houses are consigned to a secluded cellar; and, when you enter it, you will possibly fancy yourself on the premises of a clock-maker who works by steam. Your attention is speedily concentrated to a small brass box, not larger than an eight-day pendule, the works of which are impelled by steam. This is a self-acting weighing machine, which, with unerring precision, tells which sovereigns are of standard weight, and which are light, and of its own accord separates the one from the other. Imagine a long trough or spout,—half a tube that has been split into two sections,—of such a semi-circumference as holds sovereigns edgeways, and of sufficient length to allow of two hundred of them to rest in that position one against another. This trough thus charged is fixed slopingly upon the machine over a little table as big as that of an ordinary sovereigns-balance. The coin nearest to the Lilliputian platform drops upon it, being pressed forward by the weight of those behind. Its own weight presses the table down; but how far down? Upon that hangs the whole merit and discriminating power of the machine. At the back and on each side of this small table, two little hammers move by steam backwards and forwards, at different elevations. If the sovereign be full weight, down sinks the table too low for the higher hammer to hit it; but the lower one strikes the edge, and off the sovereign tumbles into a receiver to the right. The table pops up again, receives, perhaps, a light sovereign, and the higher hammer, having always first strike, knocks it into a receiver to the left, time enough to escape its colleague, which, when it comes forward, has nothing to hit, and returns, to allow the table to be elevated again. In this way the reputation of thirty-three sovereigns is established or destroyed every minute. The light weights are taken to a clipping machine, slit at the rate of two hundred a minute, weighed in a lump, the balance of deficiency charged to the banker from whom they were received, and sent to the Mint to be recoined. Those which have passed muster are reissued to the public. The inventor of this beautiful little detector was Mr. Cotton, a former governor. The comparatively few sovereigns brought in by the general public are weighed in ordinary scales by the tellers. The average loss upon each light coin, on an average of thirty-five thousands taken in 1843, was two pence three farthings.

The business of the "Great House" is divided into two branches; the issue and the banking department. The latter has increased so rapidly of late years, that the last addition the Old Lady was constrained to make to her house was the immense Drawing-room aforesaid, for her customers and their payees to draw cash on checks and to make deposits. Under this noble apartment is the Strong Room, containing private property, supposed to be of enormous value. It is placed there for safety by the constituents of the Bank, and is concealed in tin boxes, on which the owner's names are legibly painted. The descent into this stronghold—by means of the hydraulic trap we have spoken of—is so eminently theatrical, that we believe the Head of the Department, on going down with the books, is invariably required to strike an attitude, and to laugh in three sepulchral syllables; while the various clerks above express surprise and consternation.

Besides private customers, every body knows that our Old Lady does all the banking business for the British Government. She pays the interest to each Stockholder in the National Debt, receives certain portions of the revenues, &c. A separate set of offices is necessary, to keep all such accounts, and these Stock Offices contain the most varied and extensive collections of autographs extant. Those whom Fortune entitles to dividends must, by themselves or by their agents, sign the Stock books. The last signature of Handel, the composer, and that upon which Henry Fauntleroy was condemned and executed, are among the foremost of these lions. Here, standing in a great long building of divers stores, looking dimly upward through iron gratings, and dimly downward through iron gratings, and into musty chambers diverging into the walls on either hand, you may muse upon the National Debt. All the sheep that ever came out of Northamptonshire seem to have yielded up their skins to furnish the registers in which its accounts are kept. Sweating and wasting in this vast silent library, like manuscripts in a mouldy old convent, are the records of the Dividends that are, and have been, and of the Dividends unclaimed. Some men would sell their fathers into slavery, to have the rummaging of these old volumes. Some who would let the Tree of Knowledge wither while they lay contemptuously at its feet, would bestir themselves to pluck at its leaves, like shipwrecked mariners. These are the books to profit by. This is the place for X. Y. Z. to hear of something to his advantage in. This is the land of Mr. Joseph Ady's dreams. This is the dusty fountain whence those wondrous paragraphs occasionally flow into the papers, disclosing how a laboring thatcher has come into a hundred thousand pounds,—a long, long way to come,—and gone out of his wits,—not half so far to go. O wonderful Old Lady! threading the needle with the golden eye all through the labyrinth of the National Debt, and hiding it in such dry haystacks as are rotting here!

With all her wealth, and all her power, and all her business, and all her responsibilities, she is not a purse-proud Old Lady; but a dear. kind, benevolent Old Lady; so particularly considerate to her servants, that the meanest of them never speaks of her otherwise than with affection. Though her domestic rules are uncommonly strict; though she is very severe upon "mistakes," be they ever so unintentional; though she makes her in-door servants keep good hours, and won't allow a lock to be turned or a bolt to be drawn after eleven at night, even to admit her dearly beloved Matthew Marshall himself,—yet she exercises a truly tender and maternal care over her family of eight hundred strong. To benefit the junior branches, she has recently set aside a spacious room, and the sum of five hundred pounds, to form a library. With this handsome capital at starting, and eight shillings a year subscribed by the youngsters, an excellent collection of books will soon be formed. Here, from three till eight o'clock every lawful day, the subscribers can assembly for recreation or study; or, if they prefer it, they can take books to their homes. One chief of each office attends in turn during the specified hours,—a self-imposed duty, in the highest degree creditable to, but no more than is to be expected from, the stewards of a Good Mistress; who, when any of her servants become superannuated, soothes declining age with a pension. The last published return states the number of pensioners at one hundred and ninety-three; each of whom received on an average £161, or an aggregate of upwards of £31,000 per annum.

Her kindness is not unrequited. Whenever any thing ails her, the assiduous attention of her people is only equalled by her own bounty to them. When dangerously ill of the Panic in 1825, and the outflow of her circulating medium was so violent that she was in danger of bleeding to death, some of her upper servants never left her for a fortnight. At the crisis of her disorder, on a memorable Saturday night (December the seventeenth) her Deputy-Governor—who even then had not seen his own children for a week—reached Downing Street "reeling with fatigue," and was just able to call out to the King's Ministers,—then anxiously deliberating on the dear Old Lady's case,—that she was out of danger! Another of her managing men lost his life in his anxiety for her safety, during the burning of the Royal Exchange, in January, 1838. When the fire broke out, the cold was intense;

and although he had just recovered from an attack of the gout, he rushed to the rescue of his beloved Old Mistress, saw every thing done that could be done for her safety, and died from his exertions. Although the Old Lady is now more hale and hearty than ever, two of her cashiers sit up in turn every night, to watch over her; in which duty they are assisted by a company of Foot Guards.

The kind Old Lady of Threadneedle Street has, in short, managed to attach her dependants to her by the strongest of ties,—that of love. So pleased are some with her service, that, when even temporarily resting from it, they feel miserable. A late Chief Cashier never solicited but one holiday, and that for only a fortnight. In three days he returned, expressing his extreme disgust with every sort of recreation but that afforded him by the Old Lady's business. The last words of another old servant, when on his death-bed, were, "O that I could only die on the Bank steps!"

JOHN HOUBLON'S TANKARD.

An incident fraught with considerable interest for Bankers, which occurred in New York a short time ago, may appropriately be chronicled here, following the mention, in the foregoing sketch, of Sir John Houblon's name as the first Governor of the Bank of England.

About three years ago Messrs. Howard & Co., a firm of New York silversmiths, purchased from the solicitor of an English family, whose name cannot be ascertained, a silver tankard bearing marks testifying to two centuries of age. Our New York contemporary says: "When this old tankard was new, Mary, "Queen of England, had just died of small-pox, and William of "Orange, her husband, had become sole sovereign. The Bank "of England had just been created. Chesterfield and Handel "were infants in arms. La Fontaine, the French fabulist had "just passed away, and Racine, the French dramatist, and John "Dryden, the English poet, were on the edge of the grave. The "French had just begun the settlement of Louisiana. The "buildings of William and Mary College, the oldest seat of learn-"ing in this country except Harvard, had just been designed by

"Sir Christopher Wren. Dean Swift had just come out of "Oxford and been ordained, and the English had just got New "York away from the Dutch.

"The hall marks determine beyond question the age and "authenticity of the tankard. They are found, as in the case "with all genuine pieces of that age, on the cup itself and on "the lid.

"The leopard's head crowned was the mark of Goldsmiths' "Hall. The lion passant was the king's mark. Both of these "certified to the correctness of the assay. The date mark an 's,' "officially designated as 'black letter small,' affixes the date of "assay in Goldsmiths' Hall as of the period between March "1695 and June 1696, in the reign of William III. The alphabet "from A to U inclusive, and omitting J, was used for date "marks, so that an alphabet of any one font would serve for "twenty years. Every twenty years the font was changed. "The font preceding 'black letter small' was 'black letter "capitals,' and the font for the next twenty years was 'court "hand.' The small black letter 's' indicates the eighteenth "year of the cycle begun March 1678.

"No record can be found of the maker whose mark, W. G. "crowned, appears on the tankard, save a double impression of "the same mark on the copper plate, now in the Goldsmiths' "Guild Hall, on which are the marks from workmen at the assay "office prior to April 15, 1697, of which no other entry is to be "found. All the records of the Guild Hall were destroyed, and "this plate alone remains a silent witness for men whose work "has outlived them by centuries, to be sought by lovers of the "beautiful as well as admirers of the curious. It was a custom "as early as 1423 to require that each maker should strike or "punch his mark on a strip of hardened lead kept for the purpose, "and his name was written at length on parchment immediately "opposite. These tables, as they were called, were required to "be kept for public view, but, unfortunately, all have disappear-"ed and the sheet of copper only has been preserved."

Rare interest, however, it possesses because of the following inscription which it bears:

The gift of the Directors of the Bank of England to Sir JOHN HOUBLON, Governor, Lord Mayor of London, in token of his great ability, industry and strict uprightness at a time of extreme difficulty.

1696.

Macaulay tells an interesting story of the circumstances. The National Land Bank, which was organized under William of Orange to help his treasury in the war with France, had failed on account of the hostility with the goldsmiths. King William was in the direst necessities for the sinews of war, and the financial condition of England was appalling. At one time the discount rate was only 6 per cent., at another 24 per cent. A £10 note which had been taken in the morning as worth £9, was often worth less than £8 at night. The Duke of Portland was sent by the King from the seat of war in Flanders, "to obtain money at whatever cost and from whatever quarter."

The despairing Council of Regency had recourse to the Bank of England, organized only two years before, and £200,000 was the very smallest sum which would suffice to meet the King's pressing needs. The capitalists holding sway in the Bank of England were in bad humour, for it had become necessary for the Directors to make a call of 20 per cent. on their constituents and submit it to more than 600 persons entitled to vote. Shrewsbury, the Prime Minister, wrote to the King regarding the decision to appeal to the Bank of England, "If this should not succeed, God knows what can be done." Anything must be tried and ventured rather than lie down and die." Macaulay tells the result in these words: "On the 15th of August, a great epoch in the history of the Bank, the general court was held. In the chair sat Sir John Houblon, the Governor, who was also Lord Mayor of London, and, what in these times would be thought strange, a Commissioner of the Admiralty. Sir John in a speech, every word of which had been written, and had been carefully considered by the Directors, explained the case and implored the assembly to stand by King William. There was at first a little murmuring. "If our notes would do," it was said, 'we would be most willing to assist; but £200,000 in hard money in a time like this' - - - The Governor announced explicitly that nothing but gold or silver would supply the necessity of the army in Flanders. At length the question was put to a vote, and every hand in the hall was held up for sending the money. The power of Louis XIV was broken and England and Holland preserved their liberties."

The tankard remained with Messrs. Howard for a year when it became the property of the First National Bank. When the last tremor of the recent financial panic had disappeared a peculiarly appropriate use for the tankard occurred to its owners, and it was turned over by Mr. George F. Baker, president of the bank, to his associates on the Loan Committee of the Clearing House to be presented to Frederick D. Tappen, president of the Gallatin National Bank, and chairman of the Clearing House. Accompanying it was the following letter from Mr. Baker:

This bank has recently come into the possession of a piece of historic silver, a testimonial tankard, which was presented by the directors in 1696 to the first Governor of the Bank of England, in token of their appreciation of his services during the financial crisis then ending.

The circumstances surrounding that first presentation so closely parallel our recent financial troubles, and the inscription upon the tankard so perfectly describes the services of Mr. Tappen during the last and preceding panics, that it requires only the addition of his name to complete its appropriateness.

Feeling that the retiring Loan Committee will take much satisfaction in presenting to Chairman Tappen so fitting an expression of their indebtedness to him and that of the associated banks of New York, we have pleasure in placing the tankard at their disposal for this purpose.

Mr. Tappen's associates added this inscription on the lid:

The gift of the Loan Committee of 1893 of the New York Clearing House Association, to FREDERICK D. TAPPEN, Chairman, in token of his great ability, industry and strict uprightness at a time of extreme difficulty.

1873, 1884, 1890, 1893.

NEW YORK, November, 1893.

Mr. J. Edward Simmons, president of the Fourth National Bank, acted as spokesman and in making the presentation he said:

Original, powerful and independent, you never shrank from the performance of a duty, nor were you in any way recreant to the great trust reposed in you by the associated banks of the city of

New York. It is, therefore, gratifying to us to testify by this gift to the meritorious services you have rendered to the financial and commercial interests of this country.

With the firm assurance that this tankard, which for two hundred years has stood for ability, industry and uprightness, will always represent these qualities in your hands, we leave it with you.

And Mr. Tappen replying said :

This piece of silver, if melted down, would be of little intrinsic worth. The circumstances, however, surrounding its presentation to Sir John Houblon nearly two hundred years ago; the inscription upon it showing that it was given to him in recognition of services rendered to the Bank of England as its first Governor at a time of extreme difficulty in 1696, make it almost of priceless value as an historic souvenir. When you add to this, however, the duplication of the original inscription, dedicating this tankard to me, its value, in my opinion, becomes inestimable, and I cannot believe that any act of mine can merit so great a compliment.

This gift will be cherished by me during the remainder of my life as a precious treasure, and I trust that it will be guarded by my descendants with as great vigilance as it will be by myself. * * * Again, gentlemen, I wish to tender my thanks for this beautiful gift. It has to me an additional value, coming from those with whom I have been so closely and so kindly associated during the many dark and gloomy days of the past few months. I accept it with a grateful heart, and, I trust, with becoming modesty.

The event, marking in a novel manner the end of the worst crisis in the history of American banking, and being participated in by the men whose courageous bearing throughout the panic was conspicuously the most important element in averting graver disaster, is altogether unique and noteworthy.

PRIZE ESSAY COMPETITION.

The two following Papers were amongst those receiving "Honourable Mention" in the Prize Essay Competition of which a report was given in the first number of this Journal.

State all the Points connected with an Endorser, either when there is one or more than one, and the difference between the Security of a Guarantee and an Endorsement.

Paper by Mr. T. E. Merrett.

Merchants' Bank of Canada.

Before entering upon the details and technicalities connected with our subject, a few general remarks may not be out of place.

The custom of requiring security for advances is a well established one and probably constitutes the first principle of sound banking. At all events it is a generally recognized rule in banking circles; and rightly so, both in the interests of banker and borrower.

That a bank's safety depends upon the enforcement of such a regulation can hardly be denied, and although it would appear to many to be an arrangement solely in the banker's interests, closer examination will show it to be of the greatest advantage to borrower as well. Men of means should not object to give full security for advances, but should assist in carrying out a rule which, by enforcement among wealthy as well as impecunious men, protects them from undue competition by men of no stability whatever who cannot expect the same scope in their business arrangements as if they were wealthy and of undoubted financial ability. The man of means doing a legitimate business is the man who can give security for his requirements, and he will readily see the advantage of a regulation which will deter the man without means from rushing into undesirable competition.

Besides the security of Endorsement and Guarantee, with which we have here more particularly to deal, there are many modes of taking security, and a banker is under few restrictions as to the character of security upon which he may make advances. He may advance upon stocks or debentures, collateral notes, warehouse receipts and bills of lading, etc., he may take mortgages on real or personal property as additional security for a debt, and may acquire absolute title to same, provided the property so acquired be not held for a longer period than seven years. He may not, however, make advances upon the security of his own bank stock. But the security of Endorsement is the most generally adopted method for reason perhaps of the convenience to all parties concerned.

The points connected with an endorser are very numerous, and a banker's constant vigilance in handling negotiable paper is at all times most necessary. He has to guard against forgeries; and too much caution cannot be exercised here. The fact that he may have so far escaped loss from this source does not excuse any abatement in the exercising of rigid care.

It would be well if negotiable instruments could be drawn up at the bank in the manager's presence, but this would be inconvenient and often impossible; he can at least use his judgment, and if anything of suspicious nature, such as a slight defect or irregularity is noticed in signatures, etc., he should spare no pains to get at the bottom of it, always taking the benefit of a doubt. A notice to an endorser to the effect that paper bearing his endorsement has been discounted, is sometimes sent and may be at times effectual in detecting fraud or forgery, but as a rule this is like "shutting the stable door after the horse is gone," and the proper time to raise the point is before negotiating.

A banker should be satisfied that an endorser can pay, should it become necessary, (and there is always that possibility) without embarrassment, the sum for which he is surety. He should accustom himself to measure or "size up" notes or bills of exchange when offered, and, without displaying unnecessary curiosity, he can generally ascertain the true nature of such bills, whether they represent genuine business transactions, and the endorsement is for value or merely accommodation. The latter class of paper sometimes masquerades as business paper, but no man of integrity and honour will try to practice such deception upon his banker. If he wants accommodation he should say so, and, if in reason, his requirements will doubtless be met, but not in the disguise of business paper.

As to the law regarding endorsements, every banker should be familiar with the Act respecting bills of exchange.

The endorser of a bill by endorsing it engages that it shall be duly honored, and if it is dishonoured he will compensate the holder or a subsequent endorser, who is compelled to pay it, provided that the requisite proceedings are duly taken. The requisite proceedings are the due notification by or on behalf of the holder, or by or on behalf of an endorser, who at the time of giving it, is himself liable on the bill.

Notice may be given by an agent either in his own name or in the name of any party entitled to give notice, whether that party is his principal or not.

Where the notice is given by or on behalf of the holder it enures for the benefit of all subsequent holders, and all prior endorsers who have a right of recourse against the party to whom it is given.

It is important to know that such notice must be mailed on the date of maturity of the bill, or on the next following juridical or business day. An endorser, may, however, waive notice of dishonour, and a waiver in favor of the holder enures for the benefit of all parties prior to such holder as well as subsequent holders, but does not affect parties prior to the endorser so waiving.

As to endorsements of a firm, one member cannot generally bind the firm unless the transaction is connected with the business of the firm. A firm is liable only to one who deals with a partner in good faith. If a banker advances upon the endorsement of the name of a firm knowing that it is not connected with the firm's business, it has been held that he cannot recover from the firm. If, however, he advances to a partner in good faith upon his endorsement of the firm's name it is generally held that he can recover.

Endorsement by an attorney should read "per pro:" and the banker should hold the power of attorney that he may know to what extent the attorney is authorized to endorse for his principal.

As to guarantees—a personal guarantee or bond of one or more sureties, promising the payment of certain advances made by a banker to his customer, is another form of security. A guarantor undertakes to pay should the drawer or acceptor fail to do so, and being very often an additional surety. Such guarantor promises to pay on demand and is not entitled to notice of dishonour. This perhaps is the principal point of difference between a guarantee and an endorsement, the endorser being entitled to due notice of dishonour, but the guarantor (according to the law in England upon which the Canadian law is largely based, and from which many of our precedents are taken) is liable without notice of dishonour. This is an important distinction when it is considered that without due notice an endorser is released. Some guarantees are so drawn as to entitle the guarantor to six months' notice.

The security of a guarantee is most effectual, and especially for taking additional security when required. As an only security, for some reasons it is, however, not so desirable as endorsement. Its inconvenient and troublesome nature precludes a guarantee from being a satisfactory form of security for negotiable bills, it being as a rule a long legal document full of law phraseology only familiar to a solicitor. But on the other hand when it is given to cover a number of bills or transactions, or where a surety may not wish his name to appear on negotiable bills, or may not be accessible when required to endorse, a guarantee is in such cases a most convenient and desirable security.

All bonds should be drawn by the banker's solicitor, or at least examined and approved by him, to avoid possible defence or attempt to invalidate the document.

In closing these remarks, I may say that theory is of little value to a banker in handling security, either of endorsement or guarantee, as compared with practical judgment and common sense.

FAC ET SPERA.

State Concisely the Various Points to be Noted by a Teller with regard to Cheques or any other form of Payment, and Deposits or any other form of Receipt; also other matters in which he has to deal with Customers across the Counter, and especially how he can Advance the Interests of his Employer.

Paper by Mr. Geo. Munroe.

Merchants' Bank of Canada.

Cheques, Local.

All cheques must be marked "good" by the ledger-keeper before being presented to the teller for payment.

Cultivate the habit of reading the body of the cheque—it is an easy matter, often, to alter the figures, but a close scrutiny of the words in the body will nearly always detect an attempt at raising the amount.

A teller should have a thorough knowledge of the signatures of all the customers of the branch to which he belongs; he should be just as careful to see that cheques are genuine and in order, as he is to see that he does not take in counterfeit notes.

Identification.

Identification to be of value must be personal; the party identifying must be well known at the bank, come in person to the bank and sign his name in the presence of the teller. An endorsement is not identification. A personal identification is valueless without an endorsement, and an endorsement equally so unless the *party giving it is able to pay the amount.*

The duty and authority of a bank to pay a cheque drawn on it by its customer are terminated by:

(1) Countermand of payment.

(2) Notice of the customer's death.

Crossed Cheques.

The law as regards "crossed cheques" is a new one in Canada, in force since the passing of the "Bills of Exchange" Act of 1890.

The principle of the act is that a crossed cheque should be presented to the bank upon which it is drawn through another bank, or if payee is a customer of paying bank, it must be passed through his account. In no case shall money be paid out over the counter on a crossed cheque.

A cheque is crossed when it bears across its face an addition of:

(1) The word "bank" between two parallel transverse lines either with or without the words "not negotiable."

(2) Two parallel lines, transverse lines simply, either with or without the words "not negotiable."

That addition constitutes a crossing and the cheque is crossed generally.

Where the cheque bears across its face an addition of the name of a bank either with or without the words "not negotiable," that addition constitutes a crossing and the cheque is crossed specially, and to that bank.

Uncrossing Crossed Cheques.

A crossed cheque may be uncrossed by the *drawer* writing between the transverse lines the words "pay cash" and initialing the same.

Drafts Between Branches.

These should be compared with the advice, and care taken to see that they bear the signatures of the properly authorized officers of the issuing office.

Cheques and Sight Drafts on Outside Points.

When the endorser of a cheque, or a drawer of a sight draft on an outside point, is not *known* to be perfectly good for the amount involved, a good endorser is indispensable. Never accept what purports to be a written identification or endorsement, especially of a hotel clerk or tavern-keeper. There is no particular charm about these cheques or drafts, and the bank's money is as likely to be lost in such business as in discounting weak paper. In these days of keen competition, the profits on this class of business have been reduced to so fine a point as barely to return a fair rate of interest for the time the bank is out of its money; there is all the more need therefore to see that such transactions are perfectly safe. A cheque say of $25 looks small enough, but turn it into a loss and it would absorb the commission on a great many good transactions. Points such as the above are not strictly speaking, within the discretion of a teller, as these items should be passed by the manager or other superior officer, but it is well for a teller to know and remember such points in case he should be called upon to act in an emergency, as tellers in the smaller country offices are often required to do.

Deposits on Current Account.

Deposit slips should be in the hand-writing of the depositor or his agent, so as to afford a voucher to the bank, and after being carefully checked are to be handed to the ledger-keeper to be entered in the deposit ledger, and in the customer's pass book.

Cheques on local banks other than the receiving bank should be marked "good." Where this is not done they should not be received as cash until initialed by the manager, or other officer appointed by him, and should be presented for acceptance as early as possible. Where payment is refused they must be charged to the customer's account at once with advice; nothing that is not cash should be held by a teller.

Savings Bank Deposits and Cheques.

The printed rules and regulations with respect to savings bank accounts must be faithfully carried out; no deposit received, or savings bank receipt cashed, unless the pass book is produced, where that is the rule.

Deposit Receipts.

A deposit receipt is a document in the nature of a special agreement between the bank issuing it and its customer; it usually bears on its face the words "not transferable." By it the bank agrees to pay to the *depositor* (not the depositor or order) the amount specified with interest at a certain rate until further notice, under certain conditions as to the length of time the money remains on deposit, and also as to notice of withdrawal.

It is necessary, therefore, that great care should be taken by a teller in paying these receipts. He must also remember that the bank can refuse to pay the money over to any one except the depositor named in the receipt, or his legal representatives if deceased.

A careful record of the signatures of all depositors of this class must be kept in a convenient place for reference.

Cases will sometimes arise where a receipt is presented for payment through another bank. A guarantee of the endorsement by the presenting bank must in all cases be taken.

Deposits from Minors.

Deposits from a person under the age of 21, must not exceed the sum of $500, under section 84, Bank Act, 1890.

How Can a Teller Advance the Interests of His Employers.

A teller comes in contact with the general public perhaps more than any other officer of the bank, and can do much by civility, and courteous treatment of all, to cement and draw closer the bonds that unite the bank and its customers. People do business with different banks for various reasons, but all expect, and are entitled to receive, courteous treatment at the hands of the bank officials.

Circulation.

In the important matter of circulation a great deal rests with the teller. He actually pays out the notes : he should watch for and seize every opportunity for increasing his important part of a bank's business. By the exercise of tact and good judgment, he can educate the customers of the bank, both casual and regular, to co-operate with him to this end and can induce them to exchange other notes for those of their own banks in their safes, to take only their own bank notes to make payments either in town or country and as far as possible to keep other bank's notes out of, and their own bank's in, circulation.

Tellers should consider the best denominations of notes for circulation, and pay those denominations out whenever they can. "Fives" are best, as more people can afford to hold "fives" than "tens" or "twenties." Tens are the next best, and should only be paid out when specially asked for. It is an object too, to pay out whole, clean notes; people do not like to carry soiled or mutilated notes in their pockets. Notes of smaller denominations than "fives" should be paid out as sparingly as possible; a certain amount is necessary to make change, and in fact where good judgment is exercised, these payments act as an assistance in keeping up the bank's circulation, for it is obvious that if a customer cannot get a sufficient supply of small notes at his own bank he will exchange the bank bills somewhere else for the necessary small notes. Bank "fours" should never be paid out, but forwarded to the nearest redeeming centre as they accumulate, along with notes of other banks.

Farmers and others often come in for bills of larger denominations for mailing to centres such as Montreal and Toronto, where the bills are immediately sent in for redemption. Where they cannot be induced to purchase drafts, it will save express charges both ways to pay out notes of other banks.

Deposits.

A teller can often obtain good deposits when dealing with farmers and others at the counter, by exercise of good judgment. He can mention the rate of interest his bank is paying, and when time will permit can point out the security they offer by way of safety, and the convenience of obtaining the money when needed, as against the post office system, at the same time taking care not to disparage his neighbours, either chartered or private institutions.

By keeping his eyes and ears open a teller can often obtain information, both inside of the office and out of it, of much interest and importance to the bank.

Points such as the following that may come under his notice should be called to the manager's attention:

"Kiting" by a customer with customers of another bank: cheques on another bank by customers of his employer's bank.

Outside the office he should be careful in his habits and discreet in his conversation. Anything affecting the standing or character of the customers of the bank that comes to his knowledge should be communicated in the proper quarter.

Finally by striving to increase the knowledge of his profession, and thereby adding to his efficiency and usefulness to his employers, by a careful study of all banking literature that comes in his way, a very important branch of which will be all circulars emanating from the general management of the bank to which he belongs, he can hope to fit himself for the higher duties of his profession.

A. COUNTRY TELLER.

OVEREND, GURNEY & CO., LIMITED.

The last chapter in the history of the great banking house, the failure of which in 1866 shook the financial world, is given in the following account, taken from the *Bankers' Magazine*, London :

OVEREND, GURNEY & CO., LIMITED.

A general meeting of the members of Overend, Gurney & Co. (Limited) was held November 16th, at No. 8 Old Jewry, for the purpose of hearing from the liquidators how the "winding-up has been conducted and the property of the company disposed of."

Mr. F. Whinney, who presided, expressed his regret that the two gentlemen who were appointed liquidators at the beginning (Sir Robert Harding and Mr. W. Turquand) were too unwell to attend the present meeting. On the resignation of Sir Robert Harding in 1884 he (the speaker) succeeded him as liquidator. At that period nearly all the assets had been realized. He afterwards read the liquidators' report, which referred to the formation of the company in 1862, and its registration in July, 1865, with a capital of £5,000,000 in shares of £50. The business with all its assets and liabilities was handed over to the new company on August 1, 1865. The whole of the capital was allotted £15 a share being the call thereon, making the amount paid by the public £1,250,000, while there was allotted to the partners in Overend, Gurney & Co. £250,000. He afterwards referred to the large withdrawals of deposits in 1866, and to the circumstances which led to the winding up of the company, pointing out that its liabilities at the time of the suspension amounted to £18,727,915, including creditors unsecured £3,818,849, creditors holding security £6,018,835, and liabilities on bills rediscounted and under the guarantee of the company £8,266,048. With reference to creditors holding security, it was found that a large part of the securities held originally belonged to the old firm, and were not of a nature to be readily realized at their full value. The liabilities under bills discounted required peculiar care in dealing with them, owing to the state of depression and distress which prevailed at the time. The assets included not only the ordinary assets—cash, bills receivable, etc.—but a debt due by the old firm amounting to £2,970,168, being the balance at that date of the indebtedness of the old firm which the company had assumed, as security for which the liquidators acquired possession of the assets of the old firm, and also of the private estates of the partners. From the assets of the old firm the liquidators realized £688,561, and the private estates produced £909,870. The liquidation not only involved dealing with assets of the company at a time of exceptional difficulty, but also the realization of the assets of the old firm, many of which proved to be in a very involved condition; and further, of the realization of the private assets of the partners, which included a large amount of real estate that, in the then state of the money market, could not readily be disposed of. To provide funds for paying the creditors the liquidators had to make a call of £10 per share in September, 1866, a similar call in June, 1867, and a call of £5 a share in March, 1869. Having referred to the litigation owing to the validity of the calls being contested by certain of the shareholders, to the criminal indictment of the creditors, and their acquital, he stated that the liquidators were enabled ultimately to reduce the whole proofs against the company to £4,913,382. After the creditors were paid negotiations took place for selling the remaining assets, but they were found impracticable to carry out, and the realization proceeded. He then referred to the various returns which had been made to the shareholders between March, 1872, and December, 1891, amounting to a total of £7. 18*s*. 2*d*. per share. The progress of the liquidation had been much delayed by litigation involving large amounts which arose out of the very complicated position of affairs. In particular there was a very heavy lawsuit carried on in Spain against the Marquis de Compo, the litigation going on from 1866 to 1882, when the liquidators received £90,961, the claim being £137,391. There was a further claim against the Marquis de Compo for calls, which however, could not be legally enforced, the company not having been registered in Spain. The liquidators, however, held as collateral security for the debt due to the old firm certain shares of a Spanish railway in which this nobleman was largely interested. Eventually all disputes with him were compromised by his paying them £7,150 in December, 1888. Having referred to certain other special assets and the arrangements made in regard to them, Mr. Whinney stated that the total expenses of and incidental to the liquidation, including the remuneration of the liquidators, aggregated for the whole period, just over 3¼ per cent. on the receipts. Some small sums were recovered by way of dividend from failed estates up to April, 1891, and as soon as there appeared to be no chance of any further money being received the liquidators took steps to dissolve the Company. The Court would not permit the dissolution of a company to take place until the liquidators could certify that in their opinion all the assets had been collected. As soon as an affidavit could be made to this effect the Chancery Division directed that the usual statutory meeting (the present meeting) should be called. Three months after the registration of a return to the registrar that such meeting had been held the company was deemed to be dissolved. An analysis of the receipts and payments from the 10th of May, 1866, to the 16th ult., was afterwards read.

In answer to a question, the Chairman stated that no further return could be made to the shareholders, all the assets having been realized. Only those who remembered the period of the failure could understand the panic which it caused in the city, and which resulted in the suspension of the Bank Charter Act, at the instance of Mr. Gladstone, who was then Chancellor of the Exchequer.

Analysis of Receipts and Payments from the 10*th May*, 1866, *to the* 16*th November*, 1893.

RECEIPTS

Cash in hand 10th May, 1866	£ 28,386	14	10
Amount realized from bills of exchange, sundry debtors and securities	1,982,289	4	10
Assets of the old firm taken over by the company as realized	688,561	14	4
Surplus from separate estates of the partners of the old firm	909,870	4	3
Interest on temporary investments made by the liquidators	31,886	15	9
Proceeds of calls of £25 per share	2,088,286	6	7
	£5,729,281	0	7

PAYMENTS.

Amount paid to creditors, including interest . .	£4,913,382	12	5
Amount returned to contributories	626,945	8	2
Law costs	52,007	12	2
Liquidators' remuneration	71,946	3	4
Committee of supervision	6,750	0	0
Other costs of realization, viz.:—Salaries paid to clerks of the company, £29,028. 19*s.* 6*d.*; liquidators' clerks, etc., services, £14,863; sundry expenses for rent, rates and taxes, office expenses, printing and stationery, stamps, postages, etc., £14,357. 5*s.* . . .	58,249	4	6
	£5,729,281	0	7

Recent Legal Decisions.

(Communicated by Mr. Frederic Hague, B. C. L.)

Province of Ontario.

Privy Council.

Tennant v. Union Bank of Canada.

Warehouse Receipts.

The above case which was noticed in our last issue has just been decided by the Privy Council. The most important effect of the judgment is that the warehousing clauses of the Bank Act which were impugned as *ultra vires* of the Dominion Parliament have been declared legal.

It was also contended that the Federal Legislature had no power to confer upon a bank any privilege as a lender which the Provincial laws did not recognise. Their Lordships on this point held that the provisions of the Bank Act with respect to warehouse receipts were *intra vires* and that the lending of money on the security of documents representing the property of goods was a proper banking transaction.

Further, they came to the conclusion that the Parliament of Canada had power to legislate in relation to banking transactions and that was sufficient to sustain the provisions of the Bank Act which had been impugned.

Province of Ontario.

Judgment of the Privy Council.

Duggan v. The London & Canadian Loan Co.

Transfer of stock held in trust.

D. transferred to brokers as security for a loan, and for margins in stock speculations, one hundred and eighty shares of valuable stock, the transfer expressing on its face that the stock was assigned in trust The brokers afterwards pledged this and other stock with a bank as security for an advance, and from time to time transferred the loan to other banks and monetary institutions, the stock remaining in the original form. viz., that of being "in trust." The brokers finally arranged for a loan for a large amount from the London and Canadian Loan Company, to whom the stock was transferred by the then holders, by an assignment which was signed "B. manager in trust." D. tendered to the Loan Company the amount of his indebtedness to the brokers and demanded his stock, which the company refused to retransfer except on payment of their advance to the brokers.

The Supreme Court decided that the company was put upon enquiry by the form of the transfer as to the nature of the trust, and not having made the enquiry could only hold the stock subject to the payment by D. of his indebtedness to the brokers, and that upon such payment they must transfer the stock to D.

The Privy Council, however, reversed this decision, and held that the London and Canadian Loan Company was entitled to hold D's stocks as security for the full amount advanced by them to the brokers, and that the words "in trust" in the transfers meant that the various transferees were holding the shares in trust for their respective institutions.

Province of Quebec.

Judgment of the Court of Queen's Bench.

La Banque Nationale v. Ricard.

Liability of Wife—Quebec Law.

This appeal was from a judgment which condemned the appellant to pay the amount of a note made by her in June 1890.

The defence relied upon Article 1301, of the Civil Code, which says that a wife cannot bind herself either with or for her husband otherwise than as being common as to property. The Court below maintained the action, and gave judgment in favor of the bank, holding that the fact that the wife bound herself with her husband's authorization did not create a presumption that she bound herself for him; that consideration for the note was presumed, and it was for her to rebut this presumption. The Court below further laid down the principle that a wife cannot invoke Article 1301 against a third party, holder of a note for consideration, unless she proves that the holder was aware of the nullity of the obligation at the time he took the note.

The evidence established that the endorsers endorsed the note at the husband's request, for his accommodation, without consideration received by the wife. The Cashier of the bank did not recollect who presented the note for discount. It resulted from the proof that the note was signed by the wife for her husband, who received the proceeds of the discount and used the money for his business. The discount was obtained by the husband in the name of the endorsers.

The judgment of the Court of Appeal, reversing the above, was delivered by the Chief Justice, Sir Alexandre Lacoste, and was to the effect that the nullity under Article 1301, is a matter of public order, and may be invoked even against third parties in good faith. Third parties should be on their guard. If a wife could not invoke nullity as to third parties, it would be too easy to evade the provisions of Article 1301, and the nullity would be only relative.

Province of New Brunswick.

In the Supreme Court.

Landry v. the Bank of Nova Scotia.

In this case Landry drew and endorsed a bill of exchange and delivered it to the bank to discount, which they agreed to do if the bill was accepted. After acceptance the bank refused to give up either the proceeds or the bill, claiming the right to apply it to the payment of a debt Landry owed to them. It was contended that they had a right to do this, as they did not convert the money to their own use but placed it to the credit of Landry, that they had a lien upon the bill, and when they placed the money to his credit they discounted the bill, and did all they agreed to do.

The Court, however, held a different opinion, and in the course of the judgment gave the following very interesting definition of discounting a bill:

"The plaintiff did consent that the bank should discount it, and never consented to anything else, so that the whole case resolves itself into what is the meaning of discounting a bill.

"I do not think a better definition of the word 'discount' can be given than that given by Mr. Justice Story, in delivering the opinion of the Supreme Court of the United States in the case of Feckner v. Bank of the United States. That learned judge says: 'What is it to discount? Has it not the right to take the evidence of a debt which arises from a loan? If it is to discount must there not be some chose in action or written evidence of a debt payable at a future time, which is to be the subject of the discount? Nothing can be clearer than that by the language of the commercial world, and the settled practice of banks, a discount by a bank means *ex vi termini*, a deduction or drawback made upon its advance or loans of money, upon negotiable paper, or other evidence of debt, payable at a future day, which are transferred to the bank.'

"Thus showing that a discount means a loan of money, and a transfer of a negotiable instrument to the bank, payable at a future day, as security. And this was all the bank was authorized to do, or the plaintiff ever contemplated. What he meant was that the bank should loan him the face of the bill, less the discount, in money, and as security for it he would transfer to them the bill."

It will be seen that according to the above judgment a discount was held to mean an advance of money, an actual advance, upon the transfer of a negotiable instrument, payable at a future day as security, and that a bank cannot refuse, in the absence of a special agreement, to pay over the proceeds on the ground of an antecedent debt.

STATEMENT OF BANKS acting under Dominion Government charter for the month ending 30th September, 1893, with comparisons:

LIABILITIES.

	Sept. 1893.	Aug. 1893.	Sept. 1892.
Capital authorized	$ 75,458,685	$ 75,458,685	$ 75,958,685
Capital paid up	62,074,078	62,029,038	61,652,233
Reserve Fund	26,131,999	26,062,576	24,826,594
Notes in circulation	$ 35,128,926	$ 33,308,967	$ 34,927,615
Dominion and Provincial Government deposits	5,247,732	6,245,892	5,451.374
Public deposits on demand	61,245,992	61,437,993	65,753,885
Public deposits after notice	104,004,598	105,015,710	98,831,098
Bank loans or deposits from other banks secured	64,000	103,278	150,000
Bank loans or deposits from other banks unsecured	2,621,736	2,718,117	3,491,261
Due other banks in Canada in daily exchanges	120,767	132,048	126,002
Due other banks in foreign countries	221,989	169,273	139,343
Due other banks in Great Britain	5,312,794	5,538,573	4,373,087
Other liabilities	222,623	250,002	233,799
Total liabilities	$214,191,254	$214,919,947	$ 213,477,549

ASSETS.

	Sept. 1893.	Aug. 1893.	Sept. 1892.
Specie	$ 7,316,292	$ 7,706,937	$ 6,770,649
Dominion Notes	12,898,359	12,749,809	11,903,854
Deposits to secure note circulation	1,818,448	1,818,448	1,761,259
Notes and cheques of other Banks	6,939,379	6,519,972	7,899,713
Loans to other banks secured	38,385	83,385	150,000
Deposits made with other banks.	3,422,803	3,228,902	4,457,187
Due from other banks in foreign countries	13,451,882	13,562,629	24,211,355
Due from other banks in Great Britain	4,243,676	3,364,470	1,261,908
Dominion Government debentures or stock	3,188,572	3,188,572	3,328,421
Public Municipal and Railway securities	15,562,719	15,378,187	16,496,625
Call Loans on bonds and stocks.	14,960,190	14,398,606	19,828,270

	Sept. 1893.	Aug. 1893.	Sept. 1892.
Loans to Dominion and Pro-incial Governments	1,335,120	1.426,480	1,296,851
Current loans and discounts	204,654,480	205,956,200	188,167,135
Due from other banks in Canada in daily exchanges	129,472	125,270	196,34
Overdue debts	2,952,723	2,964,999	2,303,589
Real estate	909,841	912,783	1,123,258
Mortgages on real estate sold	652,111	660,395	839,506
Bank premises	4,977,733	4,914,737	4,622,679
Other assets	1,465,672	1,901,035	1,514,723
Total assets	$ 300,918,049	$ 300,863,015	$ 298,133,431

Average amount of specie held during the month	7,369,449	6,956,448	6,759,918
Average Dominion notes held during the month	12,953,910	11,744,457	12,073,627
Loans to directors or their firms.	7,762,892	7,978,632	7,034,094
Greatest amount of notes in circulation during month	36,112,480	34,750,617	35,446,396

STATEMENT OF BANKS acting under Dominion Government charter for the month ending 31st October, 1893, with comparisons:

LIABILITIES.

	Oct. 1893.	Sept. 1893.	Oct. 1892.
Capital authorized	$ 75,458,685	$ 75,458,685	$ 75,958,685
Capital paid up	62,081,994	62,074,078	61,809,372
Reserve Fund	26,435,348	26,131,999	24,832,474

Notes in circulation	$ 36,906,941	$ 35,128,926	$ 38,688,429
Dominion and Provincial Government deposits	4,893,652	5,247,732	6,518,166
Public deposits on demand	62,524,569	61,245,992	66,427,727
Public deposits after notice	103,557,733	104,004,598	99,934,970
Bank loans or deposits from other banks secured	48,000	64,000	150,000
Bank loans or deposits from other banks unsecured	2,801,931	2,621,736	3,102,931
Due other banks in Canada in daily exchanges	159,169	120,767	207,910

	Oct. 1893.	Sept. 1893.	Oct. 1892
Due other banks in foreign countries	179,695	221,989	140,977
Due other banks in Great Britain	4,966,698	5.312,794	4,321,180
Other liabilities	228,185	222,623	209,394
Total liabilities	$216,267,661	$214,191,254	$219,701,774

ASSETS.

Specie	$ 7,279,292	$ 7,316,292	$ 6,708,841
Dominion Notes	13,309,643	12,898,359	11,813,254
Deposits to secure note circulation	1,818,571	1,818,448	1,761,259
Notes and cheques of other banks	7,231,951	6,939,379	8,954,339
Loans to other banks secured	20,385	38,385	150,000
Deposits made with other banks	3,584,380	3,422,803	3,667,835
Due from other banks in foreign countries	14,839,370	13,451,882	22,792,466
Due from other banks in Great Britain	3,918,869	4,243,676	1,221,909
Dominion Government debentures or stock	3,188,572	3,188,572	3,328,496
Public Municipal and Railway securities	15,446,103	15,562,719	16,661,570
Call Loans on bonds and stocks.	14,681,644	14,960,190	20,392,077
Loans to Dominion and Provincial Governments	1,584,010	1,335,120	2,372,527
Current loans and discounts	204,854,797	204,654,480	194,123,365
Due from other bank in Canada in daily exchanges	133,139	129,472	286,952
Overdue debts	2,960,035	2,952,723	2,452,155
Real estate	888,010	909,841	1,097,134
Mortgages and real estate sold	654,259	652,111	846,757
Bank pcemises	4,999,851	4,977,733	4,643,695
Other assets	1,864,794	1,465,672	1,643,493
Total assets	$ 303,357,881	$300,918,049	$ 304,917,753

Average amount of specie held during the month	7,274,012	7,369,449	6,671,435
Average Dominion notes held during thhe month	12,960,948	12,953,910	11,641,280
Loans to directors or their firms	7,784,934	7,762,892	7,088,150
Greatest amount of notes in circulation during month	37,762,590	36,112,480	39,024,285

STATEMENT OF BANKS acting under Dominion Government charter for the month ending 30th November, 1893, with comparisons:

LIABILITIES.

	Nov. 1893.	Oct. 1893.	Nov. 1892.
Capital authorized	$ 75,458,685	$ 75,458,685	$ 75,958,685
Capital paid up	62,090,355	62,081,994	61,905,378
Reserve Fund	26,213,861	26,435,348	24,938,252
Notes in circulation	35,120,561	$ 36,906,941	$ 37,124,505
Dominion and Provincial Government deposits	5,762,992	4,893,652	7,394,413
Public deposits on demand	62,926,785	62,524,569	68,301,056
Public deposits after notice	104,414,955	103,557,733	101,240,061
Bank loans or deposits from other Banks secured	....	48,000	150,000
Bank loans or deposits from other banks unsecured	2,947,491	2,801,931	2,629.757
Due other banks in Canada in daily exchanges	268,156	159,169	242,388
Due other banks in foreign countries	131,778	179,695	114,543
Due other banks in Great Britain	4,419,033	4,966,698	3,895,371
Other liabilities	779,634	228,185	797,748
Total liabilities	$216,771,481	$ 216,267,661	$221,889,930

ASSETS.

	Nov. 1893.	Oct. 1893.	Nov. 1892.
Specie	7,589,418	$ 7,279,292	$ 6,257,955
Dominion Notes	13,041,516	13,309,643	11,493,958
Deposits to secure note circulation	1,818,571	1,818,571	1,761,259
Notes and cheques of other banks	7,047,402	7,231,951	8,003,440
Loans to other banks secured	5,000	20,385	150,000
Deposits made with other banks	3,673,219	3,584,380	3,590,592
Due from other banks in foreign countries	16,242,571	14,839,370	23,272,646
Due from other banks in Great Britain	4,827,660	3,918,869	1,542,965
Dominion Government debentures or stock	3,191,383	3,188,572	3,333,371
Public Municipal and Railway securities	16,439,315	15,446,103	16,991,242
Call Loans on bonds and stocks	14,465,113	14,681,644	20,015,799
Loans to Dominion and Provincial Governments	1,730,685	1,584,010	2,381,376

	Nov. 1893.	Oct. 1893.	Nov. 1892.
Current loans and discounts....	201,996,246	204,854,797	197,105,799
Due from other banks in Canada in daily exchanges...........	118,925	133,139	222,056
Overdue debts.................	3,099,648	2,960,035	2,374,904
Real estate.....................	826,043	888,010	1,012,962
Mortgages on real estate sold..	649,844	654,259	810,929
Bank premises.................	5,123,699	4,999,851	4,638,235
Other assets....................	1,569,404	1,864,794	1,671,830
Total assets...............	303,455,870	$ 303,357,881	$ 306,630,754
Average amount of specie held during the month............	7,298,948	7,274,012	6,277,119
Average Dominion notes held during the month............	12,839,384	12,960,948	11,261,002
Loans to directors or their firms	....	7,784,934	6,894,747
Greatest amount of notes in circulation during month........	37,834,627	38,762,590	39,318,218

Continuation of MONTHLY TOTALS of BANK CLEARINGS for 1892-93, at the cities of Montreal, Toronto, Hamilton and Halifax, as reported to the *Journal*.

—	MONTREAL.		TORONTO.		HAMILTON.		HALIFAX.	
	1892.	1893.	1892.	1893.	1892.	1893.	1892.	1893.
September...	$ 50,240,258	$ 45,767,089	$ 25,036,156	$ 24,505,010	$ 2,922,972	$ 3,091,370	$ 4,351,105	$ 4,993,555
October.......	57,563,274	47,266,474	29,704,003	25,264,232	3,545,843	3,227,927	5,049,284	5,489,398
November..	57,738,128	47,291,960	30,998,827	25,997,046	3,478,297	3,150,008	4,869,873	5,158,297
Previously Reported...	371,173,180	383,304,565	208,668,238	208,113,886	24,629,718	25,207,861	40,313,369	40,275,768
	$536,714,840	$523,630,088	*$294,407,224	*$283,880,174	$ 34,576,830	$ 34,677,166	$ 54,583,631	$ 55,917,018

*NOTE—These totals do not include the clearings of the Bank of Toronto,

A Clearing House for the City of Winnipeg began operations on Monday, the 4th December, all of the ten banks of the city being represented. The first clearings amounted to $183,331, and the balances to $38,146.

WINNIPEG CLEARING HOUSE.

As noted on the preceding page, the City of Winnipeg has now a Clearing House in operation governed by rules and regulations similar to those in force at Toronto and Montreal.

The first Board of Management consists of Messrs. Wickson, (Merchants), Kirkland, (Montreal), Nicholls, (Molsons), Hoare, (Imperial), Mathewson, (Commerce).

It is agreed that each bank shall furnish for a month at a time an officer to act as Manager, the first being, Mr. James Strachan, Accountant of the Canadian Bank of Commerce.

The Bank of Montreal has agreed to act as Clearing Bank.