which keep clear of it. In this way, if in no other, the remedy will come.

We often hear it said that these illegal loans cannot be prevented by the operation of the law. It is a poor compliment to those concerned to say that they are lawless, and will use their wits to defeat the law. But even if this were true, there are means of correction stronger than any law ; means which the instinct of self-preservation will make active.

It would be interesting and instructive to learn how much the real capital of the banks has been reduced below the nominal amount by the squeezing out of capital through operations on margin. The reduction undoubtedly amounts to several millions. In some banks very little capital is so held; these banks refusing to make loans for this purpose. We trust the others will now, in good faith, abandon the illegal and dangerous practice, which finds no counterpart even in that hot bed of speculation, Wall Street, New York.

BANKING REVIEW.

The statement of the Banks for last last month will be found condensed below, and compared with that of the previous month :

LIABILITIES.

	Jan. 1883.	Feb. 1883.
Capital authorized	$68,146,666	$68,146,666
Capital paid up	61,107,648	61,137,288
Notes in Circulation	33,722,447	34,044,909
Dominion and Provincial Gov't deposits	10,845,123	10,644,330
Deposits held to secure Governm't contracts and for Insurance Companies	1,083,258	1,047,166
Public deposits on demand	46,154,641	44,574,453
Public deposits after notice	50,710,510	51,530,448
Bank loans or deposits from other banks secured	....	....
Bank loans or deposits from other banks unsecured	1,248,689	1,057,077
Due other banks in Canada	1,172,455	1,058,118
Due other banks in Foreign Countries	102,166	261,061
Due other banks in Great Britain	1,671,490	1,139,620
Other liabilities	329,675	246,305
Total liabilities	$147,040,461	$145,603,492

ASSETS.

	Jan. 1883.	Feb. 1883.
Specie	$6,071,637	$6,709,358
Dominion notes	10,252,811	10,198,436
Notes and cheques of other banks	6,748,190	5,828,548
Due from other banks in Canada	3,229,532	2,479,744
Due from other banks in Foreign Countries	10,846,294	10,964,390
Due from other banks in Great Britain	1,827,253	1,538,367
Immediately available assets	$38,975,717	$37,988,843
Dominion Government debentures or stock	1,004,922	902,722
Public securities other than Canadian	1,380,859	1,289,015
Loans to Dominion & Prov. Governments	1,423,012	1,530,555
Loans on stocks, bonds or debentures	15,281,549	14,541,083
Loans to municipal corporations	1,632,687	1,151,282
Loans to other corporations	12,099,997	11,600,661
Loans to or deposits made in other banks secured	....	25,000
Loans to or deposits made in other banks unsecured	411,444	625,017
Discounts current	144,600,508	145,507,277
Overdue paper unsecured	1,439,687	1,669,599
Other overdue debts unsecured	150,549	210,419
Notes and debts secured	1,639,183	1,755,798
Real Estate	1,402,450	1,432,439
Mortgages on Real Estate sold	734,958	738,794
Bank premises	3,126,473	3,138,567
Other Assets	2,778,987	2,736,642
Total Assets	$228,082,996	$226,843,635

The financial atmosphere has been considerably disturbed during the last month First came the failure of a large private banking establishment in London, Ontario, followed by a smaller one in an adjoining county. Then came rumors of forgeries on the part of a firm in the leather trade in Montreal. Following upon this was the suspension of a large firm of boot and shoe manufacturers in that city ; and finally we had the startling occurrence of the arrest of one of the most prominent merchants in the provision trade at the instance of the Bank of Montreal. Concurrently with all these have been embarrassments on the part of several traders in the North-West—some of whom have assigned, and others obtained extension with arrangements for carrying on business under inspection. As a consequence of these developments there has been a fall in the stock of the leading banks, not, indeed, of a serious nature, but still sufficient to embarrass those who were speculating on margin, and had calculated upon a rise. To investors these fluctuations of 5 per cent , more or less, are of comparatively little importance. So long as the dividend is not affected, these slight fluctuations may be looked upon by them with indifference. But speculators are affected differently.

The primary question for bankers and others interested in financial affairs, is this : Are the failures that have taken place the symptoms of a wide-spread and generally prevalent unsoundness, or are they individual instances of the results of trading on unsound methods, and such as are to be expected under any condition of affairs—no matter how prosperous? An examination of the leading failures that have taken place recently, will, we think, lead to the latter conclusion, rather than the former. In the case of the private banking firm, failure appears to have been brought about by a most injudicious style of lending money, coupled with a tendency to outside speculation. It is said also that in this case there was a conspicuous want of that close attention to business which is essential to success. Another instance of failure on the part of a private banker arose apparently from an entire lack of judgment in lending money, and a spreading out of business to an extent far beyond what was warranted by the slender means of the firm. In both these cases it should be stated that a style of business was attempted which cannot be successfully undertaken, except by a chartered bank.

With respect to the failure of the leather firm in Montreal, the house seems to have been brought down primarily by outside speculation. This led to demands for money which the ordinary course of business would not supply; and this again to forced sales for the purpose of obtaining paper for discount. Under such circumstances failure was only a question of time.

The arrest of a prominent provision merchant is a startling event, considering the respectability of the party, and his good position and connections, socially and commercially. It is claimed that, although the estate may show a very serious deficiency, and pay but a small dividend to creditors, nothing dishonorable has been done. This is a matter, however, which must be determined by the Courts. Meantime it cannot be doubted that failure must ensue, and that the creditors will suffer very heavy losses. This case, however, cannot be taken as a symptom of general unsoundness in the provision trade. The reasons for failure can be traced with sufficient clearness to demonstrate this. A few years ago the firm had an exceptionally successful season, and closed the year with a profit estimated at $150,000 and upwards. Whether this estimate is correct or not, the profit was undoubtedly very large. A cautious firm would have retained these large profits in cash, or in an easily convertible form ; but an injudicious purchase of a very costly residence absorbed and locked up a considerable amount of the profit realized. Gifts for benevolent purposes, are also said to have been bestowed to an extravagant amount. Respecting such gifts, it is wise to keep them within due limits, even when exceptional prosperity sets in. When a man's liabilities are all discharged, if his gifts amount to ten per cent. of the remainder, no reasonable fault could be found. But nothing can justify gifts which may endanger mercantile position. But along with injudicious purchasing of a residence and unreasonable giving, a style of business was entered upon from which the element of caution and prudence seems entirely to have been banished.

The trade is well known to be subject to heavy fluctuations. Prudence therefore would dictate that risks should be kept within bounds. Any man in the trade must make up his mind to suffer losses in certain seasons. But risks can be so managed that losses, when they supervene, shall not seriously impair the position.

INSOLVENCY.

We referred in our last issue to the objections urged by the Toronto Board of Trade to the Bill introduced by the member for West Toronto for the distribution of the assets of insolvent debtors. The Hamilton Board of Trade, it appears, has also had the subject up for discussion, and objects to the measure on practically the same grounds. The St. John Board has likewise considered the matter, as we elsewhere note. There can be no doubt that many of the objections urged by the Toronto Board are well taken. As to others of them there is room for serious doubt.

That which appears to be considered most objectionable in the proposed measure is the extent to which it intends that the liquidation shall be taken out of the hands of creditors and placed in the hands of the Court. This proposal is following the English practice; and the new features of the Bill are in the main copied from the English