principal papers are—"On Sound Principles of Banking;" "The Law of Fraudulent Clerks;" "The proposed return to Specie payments;" "Computation of interest in New York, &c."

THE BANK OF MONTREAL AND THE CRISIS.

We are all, by this time, familiar with the fact, as established by the best evidence, that the country was in a sound condition when the Commercial Bank failed, and that the banks, generally, held a fair reserve in specie to meet probable demands. Let us see what was the immediate effect of that failure upon the other banks. As the figures in our possession, which show the amount lodged by the Government with the Bank of Montreal, extend to no later date than the 30th November last, and as the Commercial Bank suspended in the middle of October, we cannot, probably, illustrate the effects of the suspension better than by showing the increase or decrease of the circulation, specie, deposits and discounts of the various banks, between the 30th September and the 30th of November last.

Banks.	Circulation.		Deposits.		Discounts.	
	Increase	Decrea'e	Increase.	Decrease	Increase.	Decrease
Montreal	389,184	....	1,881,400	....	1,304,134	
Quebec	....	64,123	....	8,200	....	245,844
Commercial	....	427,148	....	1,347,816	....	1,450,791
City	....	15,863	....	40,647	....	61,551
Gore	....	27,943	....	160,990	....	18,109
Bank of Brit. N. A.	93,482	....	....	178,143	97,798	
Peuple	3,612	....	....	6,531	....	66,629
Niagara	8,970	....	29,675	....	19,351	
Molson's	11,015	....	....	116,964	....	92,939
Toronto	....	94,148	57,473	....	....	113,977
Ontario	279,453	....	....	65,299	351,825	
Eastern Townships	28,101	....	6,293	....	13,880	
Nationale	7,658	....	11,910	....	....	33,468
Jacques Cartier	....	4,807	....	140,125	....	124,737
Merchants	135	....	33,959	....	....	200,118
Royal Canadian	....	199,175	....	26,813	....	313,211
Union, L. C.	....	18,140	....	147,989	....	117,195
Mechanics	....	....	....	13,772	....	14,724
Commerce	101,327	....	271,192	....	266,652	
	922,937	851,347	2,291,902	2,253,289	2,053,640	2,853,333

In these figures we have considered the Provincial Notes as being, practically, the circulation of the Bank of Montreal, and have therefore deducted the amount so taken account of from the deposits of the Government in that Bank.

Now, when we come to examine these figures in connection with facts well known, we find that while there was an actual increase in the circulation and deposits, amounting to $100,203, which was equivalent to so much additional capital placed by the public in the hands of the banks, yet we also find that there was a decrease in the discount accomodation to the mercantile community of $800,000, and that, too, at a time of year when increased discounts were imperatively required for the purpose of moving forward the crops. If we separate the Bank of Montreal from the other banks, we shall see whether or not the ulterior effects of shutting up the Commercial Bank bear out the allegation which has been so freely circulated: that while the other Banks, as a whole, suffered a diminution of profits from an enforced contraction of their discounts, the Bank of Montreal directly and immediately profited by that event, being enabled to take advantage of the uncertainty, in a great measure created by its seeming policy, in the way of securing a permanent increase to its business by the removal of valuable accounts from the other banks to itself. If we take into account the circumstance that the Commercial Bank had a special loan of $300,000 from the Bank of Montreal on 30th September, which was probably repaid before 30th November, the Statements of Banks show the following to be the increase and decrease in the chief items of which this business was composed:

Liabilities.	Bank Montreal.		Other Banks.	
	Increase.	Decrease	Increase.	Decrease
Due to Government on General Acc't.	679,977	....	....	....
Do. on Provincial Note Acc't.	502,549	....	....	....
Circulation	....	113,365	....	317,594
Deposits by Public	1,201,424	....	....	1,842,818
Due by Commercial to Montreal Bank, on Special Loan	....	....	....	300,000
Due to other Banks	....	....	420,590	....
Assets.				
Specie and Provincial Notes	1,447,809	....	558,560	....
Government Securities	....	766,239	....	56,072
Special Loan to Commercial, repaid	....	300,000	....	....
Due by other Banks	764,428	....	....	....
Bills Discounted	1,304,134	....	....	2,103,827

The effect upon the Bank of Montreal, therefore, was simply this: there was an increase in the moneys deposited by Government of $679,977; in addition, the increase of provincial notes in circulation was left in Mr King's hands untouched, so that there was also an increase in the circulation (inclusive of Provincial Notes) of $389,184; an increase in the deposits by the public of $1,201,424, or say a total of additional capital placed in the Bank of Montreal amounting to $2,270,585 and out of this sum the discounts to the public increased only $1,304,134. It is also to be observed that during the same period of time the Bank of Montreal felt itself secure enough in public opinion to send a large sum of money (apparently $764,428) out of the country, for it is not probable that the increase of balances due to the Bank of Montreal by other banks was caused by an increase of the indebtedness to it of the other banks in Canada.

With regard to the other banks we would remark that while it is true that the Banks of British North America, Ontario, Niagara District and the Bank of Commerce, show an increase in their circulation, deposits and discounts, in consequence of their absorption of the larger portion of the Commercial Bank's business, yet even, after deducting the increase from the general diminution, we have the following results to contrast with the position attained by the Bank of Montreal. The other banks combined show a decrease of $3,175,594 in their circulation; a decrease of $1,842,818 in their deposits; say together $2,160,412. In order to meet this they were compelled to decrease their discounts to the mercantile community as nearly as possible a like sum, namely, $2,103,827. During the same period of time, and notwithstanding, that their liabilities were reduced two and a quarter millions, which would naturally lead us to expect a corresponding reduction in their specie resources, they found it necessary, or prudent, to increase their specie by $558,560. We may add still further, by way of contrast, that while the Bank of Montreal was actually sending large sums out of the country during this time of pressure, the other banks were drawing from abroad large sums or use in Canada.

The figures we have given seem to us to prove clearly the allegation we have had under consideration, viz., that the Bank of Montreal did profit through a distrust created, in no small measure, by itself. Strong in the knowledge that large sums were about to be deposited with them by government, which sums were not to be drawn out again for a considerable time; strong in the confidence that if the whirl of the panic struck them, the government must, at all hazards, come to the aid of a bank in which it had three or four millions; the Bank of Montreal could well afford to try the experiment of a little extra pressure for the purpose of getting out the Provincial Notes, of inciting depositors to seek, as a harbor of safety, the government bank, of driving merchants to remove their discount accounts from the other banks to that institution which could succour them. When we reflect on the position Mr. King occupied, we can hardly wonder at the use he made of the opportunity. The reins were in his hands, and like Phæthon, when he obtained control of the chariot of the Sun, his ambition prompted daring feats. We leave it to our readers to deduce the moral.

THE CROPS.

The information we have received from various parts of the country respecting the crops is of the most satisfactory character. Should present anticipations be realized, this year will be one of jubilee throughout the land. Never was such breadth of territory