This bank had a paid-up capital of $194,-794; and it had been borrowing more than that amount from other banks for a long time. The stoppage of the Mechanics' has naturally attracted attention to the other banks whose specie reserves are low.

One bank with nearly a million of paid-up capital leaves the columns for specie and Dominion notes blank. The inference, that it has neither the one nor the other, cannot of course be accepted, because it could not carry on business without more or less specie or Dominion notes. A third bank, with a paid-up capital of nearly $700,000 ($680,130) returns only $2,323.94 specie and $12,126 Dominion notes. A fourth bank, with a paid-up capital of $369,434, returns only $889.85 specie and $215 Dominion notes. There are other banks which have let their reserves of specie and Dominion notes run down below what they ought to be.

In such cases as these, no one outside the banks can tell to what extent the capital has been impaired and what there is left of the amount originally subscribed. But one thing is perfectly clear: there ought to be some proportion observed between the specie reserve and liabilities. At present, this is a matter left entirely in the discretion of the banks; and the existing state of the returns indicates that there will be room for improvement in this particular when the bank charters come to be renewed. Unless other conditions be insisted on, which would render this point of less account, it will require to be settled by a legal regulation. The whole question of the liability of the banks to the public will have to be reviewed. The liability of stockholders for twice the amount of their stock is either real or nominal, according to circumstances. It is real when the holder of the stock is worth double the amount; it is nominal and worthless as a security when the holder of the stock could not pay double the amount. There is, of course, a difficulty in making any sudden change in this particular; and perhaps a gradual change is all that can be looked for.

The suggestion, recently made in England, that this liability be made real by each bank at its commencement depositing the amount which is liable to be called for if wanted, is recommended by safety and prudence. A further part of the suggestion is that the investment should be made in securities which are not liable to be affected by the accidents of trade. Practically, the suggestion embodies a leading feature of the National Banks of the United States. But, if there were a general agreement that some such plan should be adopted here, its adoption would have to be gradual. It is of course one thing to cover the circulation by the security of a prior deposit of government bonds and another thing to make the contingent liability of shareholders real by a prior deposit of government securities. To cover the present circulation of our banks by such deposit, less than $20,000,000 would suffice; to provide a double liability, for the stock would require something like three times that amount. The American National Bank system could therefore much more easily be copied than the the plan recommended in England.

In spite of all the precautions which it is possible for human prudence to devise against loss, banks will continue to suffer losses at times when merchants, whose promises form the chief securities of the banks, are being overwhelmed with bankruptcy in large numbers. Unreasoning panic sometimes results from these losses becoming public; and it is the interest of the banks to be surrounded with safeguards against the effect of sudden alarms. Any panic arising from the low state of the specie reserves in some of the smaller banks might communicate danger to others where no such deficiency exists. It is obvious that much that has been left to the discretion of managers in the past, must, in future, be regulated by positive legal enactment. And, in reality, no interest has such strong reasons for securing these enactments as the banks themselves, however distasteful the subject of the change may be to some of them.

THE STOPPAGE OF THE MECHANICS BANK.

This concern, which has been dragging on a lingering existence by favor of one of the chartered banks, has come to a sudden stop, without any run, and without the slightest pressure, either from note holders or depositors. It has been obliged to close its doors, simply because it could not borrow more money from the bank supporting it. It has, for some time, any one might see from the bank statements, been pursuing a most reckless course, as is evident from the following statement of its liabilities and of the miserable reserves it kept on hand to meet them.

	Circulation Deposits.	Cash and Bank Balances.
31 Dec.	477,000	36,000
31 Jan.	510,000	37,000
28 Feb.	509,000	55,000
31 March	438,000	36,000
30 April	421,000	16,000 !

Of this last, it may be noted that the circulation, payable on demand, was $168,000, while the actual cash on hand was only $2,500!

The small amount of its reserves has been the subject of comment since the suspension, and one of the leading journals of the commercial capital had the simplicity to print as an explanation that the reserves of the bank were kept at Molsons Bank; that is, at the institution before mentioned, which had been lending it money for some time past. Now, considering that the same journal had been informing the public that the Molsons Bank had been largely under advance to this defunct concern for a considerable time back, it was certainly presuming to a singular degree upon the ignorance of its readers when it put forth such an apologetic statement as that. The truth is, the Mechanics Bank died because it did not deserve to live. Its proceedings were always such as to give rise to comment and suspicion. And since its stoppage three years ago, when a process of patching up was entered upon, its career has been of a character the very reverse of that which would have inspired confidence.

The concern, in a word, has been a blot upon our banking system for years back. It has maintained itself in existence by illegitimate and unworthy methods. It has done very little of a proper banking business, which, so far, is fortunate. Few firms or men of business had anything to do with it; and, therefore, business, either in Montreal or in other places, will scarcely be affected by its stoppage. In one respect, the bank's course has been utterly disreputable, as well as reckless. Well knowing what slender resources were at command for meeting liabilities, the managers have pushed its notes into circulation by the most improper methods, and actually succeeded in forcing out a larger amount in proportion to its paid-up capital than any bank in the country. The bank had several agencies in the country districts of Lower Canada, and almost the sole business of these agencies was to force out the notes of the Mechanics Bank upon the unsuspecting people of the locality. Not content with paying out the bills of the bank over the counter in the ordinary way, its agents would visit hotels, board steamboats, and employ other persons to do the same thing, solely to gather in the bills of other institutions, and exchange them for the bills of the defunct bank. In Montreal, it was notorious that the same tactics were being pursued. Brokers received a commission upon notes of other banks which they could pick up and exchange for notes of the Mechanics Bank. And so by these processes of forcing the bank spread its liabilities over the country, apparently never reckoning of the consequences, or of how the liabilities were to be met.

As to what percentage the assets of