

# The Monetary Times

## AND TRADE REVIEW,

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### BANKING REVIEW.

The figures of the Banking Return were given in our issue of last week. Comparing them with the figures of a year ago, we find a very striking shrinkage in the circulation of notes and the volume of discounts. The reduction of circulation amounts to about four millions and a half, the reduction of discounts amounts to about twelve millions. Deposits have been nearly stationary. But the cash and foreign balances of our banks have increased nearly eight millions. So far as strength is concerned, the position is very satisfactory. Last year it was exactly the reverse. The banks had loaned far too much, and had far too little cash resources at their immediate command. Their reserves of Cash and balances immediately available are now adequate, and the general position is one of comparative ease.

We speak of the banks, of course, in their collective capacity; were we to analyze them separately we should, in some cases, not be able to speak at all favorably. Some of the smaller banks are sadly given to carrying "too much sail" and keeping too little money in reserve. They very likely calculate upon forbearance or assistance from their stronger neighbors, in case of trouble. In doing this, however, they may be reckoning without their host. Solid and well-managed banks are, probably by this time, convinced that their funds can be better employed than in propping up weak or rotten institutions. They are more inclined, we fancy, to let bad management produce its appropriate effects of embarrassment and stoppage. If they were firmly to shut the door, in case of application for assistance arising from improvident management, they would deserve commendation. It is better for the public, and better for the banks, that badly managed institutions should come to an end and be weeded out. Assistance to such concerns has sometimes been given from fear that one disaster will lead to another. There are times when this view of the case might be acknowledged to be reasonable. But even then, should assistance be deemed desirable, it should always be given on condition of winding up. If directors and managers knew that this would be the penalty of bad management, they would be careful from the very outset, and so prevent evils from growing until they became dangerous.

A number of new bank charters is being granted by Parliament. That the powers of Parliament are often abused, in this direction, no one can deny. It is time the Gov-

ernment laid down an intelligent line of policy on this question. It seems to be taken for granted that there is a sort of right to a charter, no matter by whom the application is made, provided certain preliminary conditions are complied with. There cannot be a greater mistake. If the banks obtaining charters were to issue a secured circulation, such charters might be granted, almost without any restriction. But the charters of banks, as at present claimed, carry the right to issue an unsecured circulation. That this right and privilege may be scandalously abused we know only too well. It becomes therefore the duty of Parliament to guard the country against the danger of such abuse. Parliament, in fact, is bound to enquire whether further issuing powers are needed in the public interest, and whether the parties applying for a charter are to be trusted with such extensive privileges.

But the exigencies of our party system are such that considerations of this kind are too often kept in the back-ground. The political bearing, of even such matters as applications for bank charters, is the all important consideration. The applicants may be influential in their county; they may be known as prominent politicians; the refusal to grant a charter might make an enemy of one whose influence would turn the scale in a closely contested election. All these considerations come to the surface, when a bill for a new charter is being carried through Parliament and under discussion by a committee. The truth is that the Senate Committee is the only place where applications for bank charters are likely to be discussed on their merits. There are in the Senate a large number of men who have had a wide business and banking experience. These gentlemen are capable of giving an unbiased consideration to applications, having none of that unworthy fear of constituents before their eyes which is the source of so much mischief in the Commons. However, even in this body, political considerations have a certain sway. Party ties are strong, although no constituents have to be faced. It thus comes to pass that the corrupting influence of party politics sways the consideration of such a purely business matter as the granting of a bank charter, in both Houses of Parliament.

Parliament, we fear, is likely to break up without touching the question of insolvency. It would not be at all difficult, we fancy, to pass an act for the equitable distribution of estates this session. Crying evils are already being developed, and these will go on increasing until some general measure of this kind is enacted. We are aware of the difficulty of legislating on the whole question. The discharge of an insolvent is a subject surrounded by a thousand difficulties. But the equitable distribution of an insolvent's estate is a very simple matter. It really amounts to this, and nothing more: Granting that a man is insolvent, and that his creditors have to take his estate, as it stands at present, one, two, or three can take the whole, and share it among them; leaving all the rest with nothing. This process, of course, does not give the man a discharge; but rather blocks the way to his ever obtaining it from the bulk of his creditors. Now, on the assumption, as before stated, that a debtor has come to that position in which

his creditors must take his estate, the power of law might surely be invoked to see that it is done ratably and fairly, leaving the question of discharge exactly where it was before. There would, however, be this difference: when a man's estate has been fairly divided amongst his creditors, he has a very good ground for asking them to discharge him. On the other hand, as matters stand at present, when two or three creditors cut out all the rest, it is very unlikely that the unpaid creditors will listen to an application for release. It is not, however, too late for the matter to be taken up. We do not see why Parliament should not sit a week or two longer, in order to pass a measure of such vital importance to the whole commercial interests of the country. With the materials on hand, a bill could be prepared in a week, and within a short time afterwards, if its provisions were only simple enough, it might become law. Cannot the Government be induced to take the matter up?

We append our usual summary of the figures of the bank return, and in comparison with those of a year ago.

28TH FEB., 1883. [In thousands.]

Description.	Banks in Que- bec.	Banks in On- tario.	Banks in Mari- time Prov's.	Total.
Capital paid up ..	\$ 36,714	\$ 17,936	\$ 6,487	\$ 61,137
Circulation .....	17,821	12,612	3,612	34,045
Deposits .....	55,423	42,566	9,807	107,796
Loans & discounts..	95,494	66,519	18,035	180,048
Cash and foreign balances (Net) ..	17,318	8,859	1,833	28,010

29TH FEB., 1884. [In thousands.]

Description.	Banks in Que- bec.	Banks in On- tario.	Banks in Mari- time Prov's.	Total.
Capital paid up....	\$ 36,293	\$ 18,562	\$ 6,744	\$ 61,599
Circulation .....	14,950	11,027	3,599	29,576
Deposits .....	55,334	39,808	10,875	106,017
Loans & Discounts..	85,904	63,353	18,690	167,947
Cash and Foreign Balances (Net) ..	24,504	9,053	2,754	36,311

### ONTARIO LEGISLATION.

The list of bills assented to, on the prorogation of the Ontario House of Assembly, on Tuesday, is sufficiently formidable to show what a mass of local legislation takes place every year, in the several provinces. If Parliament at Ottawa were burthened with all this local work, it is difficult to see how it could get through it. Several of the States of the neighboring union, do manage to get on with one session in two years; but, although bi-ennial sessions have sometimes been proposed for our local legislatures, the idea has not taken hold of the public mind. It is evident that, for some time to come, we must go on with our present legislative machinery. At present, the general feeling is in favor of maintaining the federal system, with its multiplication of local legislatures.

The Federalists, in the United States, when the present constitution was formed, had a hard fight to get for the Federal Government and legislature, the powers that were accorded to them. Chancellor Livingston, Mr. Hamilton and others, pointed out that, no matter where authority was lodged, it could equally be exercised for the public