BANKING REVIEW.

The figures of the Canadian Bank statement for November last will be found in condensed form below, and are compared with those of the previous month. The statement bears date 22nd December.

CANADIAN BANK STATEMENT.

LIABILITIES.

	Nov., 1893.	Oct., 1893.
Capital authorized..	$75,458,685	$75,458,685
Capital paid up....	62,090,355	62,081,994
Reserve Funds	26,213,861	26,135,348
Notes in circulation	35,120,561	36,906,941
Dominion and Provincial Government deposits....	5,762,992	4,893,652
Public deposits on demand..........	62,926,785	62,524,569
Public deposits after notice............	104,414,955	103,557,733
Bank loans or deposits from other banks secured...	......	48,000
Bank loans or deposits from other banks unsecured.	2,947,491	2,801,931
Due other banks in Canada in daily balances	268,156	159,169
Due other banks in foreign countries	131,778	179,695
Due other banks in Great Britain...	4,419,033	4,966,698
Other liabilities....	779,634	228,185
Total liabilities..	$216,771,481	$216,267,661

ASSETS.

Specie	$ 7,589,418	$ 7,279,292
Dominion notes....	13,041,516	13,309,643
Deposits to secure note circulation..	1,818,571	1,818,571
Notes and cheques of other banks..	7,047,402	7,231,951
Loans to other banks secured..........	5,000	20,385
Deposits made with other banks	3,673,219	3,584,380
Due from other banks in foreign countries	16,242,571	14,839,370
Due from other banks in Great Britain..........	4,827,660	3,918,869
Dominion Government debentures or stock.........	3,191,383	3,188,572
Other securities....	16,439,315	15,446,103
Call loans on bonds and stocks	14,465,113	14,681,644
	$88,341,168	$85,318,780
Loans to Dominion & Prov. Govts..	1,730,685	1,584,010
Current loans and discounts	201,996,246	204,854,797
Due from other banks in Canada in daily exch'nges	118,925	133,139
Overdue debts	3,099,648	2,960,035
Real estate........	826,043	888,010
Mortgages on real estate sold	649,844	654,259
Bank premises....	5,123,699	4,999,851
Other assets	1,569,404	1,864,794
Total assets......	$303,455,870	$303,357,881
Average amount of specie held during the month	7,298,948	7,274,012
Av. Dom. notes do..	12,839,384	12,960,948
Loans to directors or their firms....	7,729,950	7,784,934
Greatest amount notes in circulation during m'nh	37,834,627	37,762,590

The financial year is closing quietly, after a period of disturbance extending over many months, a disturbance which was of comparatively slight importance in Canada, but which assumed very great proportions in other countries, especially the United States and Australia. In fact, in the latter country the banking revulsion was the severest ever known, not in Australia only, but in any country in the world.

So far as the Dominion is concerned the year opened with money in good supply, and everything to indicate a prosperous year. We wrote in January that business in nearly all leading lines was in a healthy condition, that there had been a large diminution in insolvencies, considerable activity in business, and a constant increase in deposits and circulation. Even then, however, there were mutterings of the approaching storm in Australia, owing to the continued breakdown of loan companies, and especially of such loan companies as did a sort of banking business in connection with loans on real property. But a year ago no one could have anticipated such a tremendous series of reverses as has taken place. Neither could any one have anticipated such a series of banking and business reverses as has taken place in the United States.

The first sign of approaching disturbance in Canada was in the month of March, when a very heavy demand for money set in by borrowers and depositors, which made it necessary to call in large amounts of loans on bonds and stocks. The usual demand for money upon the banks in the winter had caused these loans to be steadily drawn down to the extent of about $600,000 between November and February, but the demand in March made it necessary to call in these loans to a much larger extent. This state of things went on until the end of June. Before that time it had become evident that the pressure upon borrowers was so severe that they could only with great difficulty respond to calls, and in many cases could not respond at all. A certain measure of relief was afforded by the action of the Bank of Montreal intervening and departing in this respect from their usual course. This bank for a considerable time had acted on the rule not to lend money at all on stocks and bonds in Canada, doubtless for good reasons. At the urgent request of several borrowers, however, they intervened on this occasion and lent a certain amount of money, apparently not large in itself, but sufficient to ease the market. The danger of large blocks of stocks being thrown upon the market for realization was thus averted. It is well known, however, that various banks, on finding that serious embarrassment would ensue to their customers if further loans were called, ceased to make any demands, and used other resources, especially those available abroad. No stocks were thrown upon the market by the banks, and, though considerable losses ensued to speculators, no failures took place on the stock exchange either in Montreal or Toronto. For many a month back, the condition on these exchanges has been one of perfect quietness.

The Australian banking crisis began to develop early in the spring, and went on with a tremendously accelerated force until every considerable bank but three had suspended payment. These matters have been so thoroughly discussed that it is not necessary to refer to them at length, and we will now only say that the series of disasters was largely precipitated by three causes :—

First, by the want of a well considered general banking law, defining on what general lines the operations of a bank should be conducted, with wise restrictions upon unsafe business, and provision for ample publicity of accounts.

Second, from the practice, which had grown to most illegitimate proportions, of obtaining money on deposit from England for use in Australia, all such deposits bearing a comparatively high rate of interest.

Third (and largely as a consequence of the second), of the making of very numerous loans, and to an enormous amount in the aggregate, upon the security of real estate, much of it on an inflated basis.

In all these respects Canada has a considerable advantage at present in the fact that she learned by the experience of more than thirty years ago that banking loans are never upon a sound basis that rest upon real estate, and second that she has a general banking law in which are embodied the experience of practical bankers, financiers, and statesmen, and which has been gradually improved and perfected in many successive Parliaments. The practice of obtaining deposits from Great Britain for use in Canada, never prevailed here. Our exemption from the disasters which have befallen Australia is therefore not a matter of chance, but as the consequence of well-considered rules and methods of business based upon the experience of the past, and which are not only generally understood but generally practiced by the whole of the bankers of the country.

The disturbance in the United States touched us very much more closely. Primarily it can be traced to the bad legislation in connection with silver, which seemed to seriously threaten the falling down of the whole currency of the United States to a silver basis. This gradually led to uneasiness, and finally to alarm, on the part of depositors, so that a drain of unprecedented magnitude set in. This drain caused hundreds of banks, principally small ones, in various parts of the country, to suspend, while the strong ones were only able to sustain themselves by combination for mutual support. This was especially the case in New York, where the wise and well-considered action of the Clearing House banks in supporting one another saved the country from universal panic. Even with this there was a time when it might almost be said that specie payments were suspended for several weeks together, and when gold was actually at a premium. The courageous action of the President and the determination of Congress at all hazards to put an end to a senseless silver policy, quieted matters at last, and so far as finance is concerned, the United States have continued quiet ever since. But the terrible disturbance of business caused by these financial troubles, manifested in the stoppage of numerous factories and reducing of others to half time, is still troubling the country and causing hundreds of thousands of operatives to be out of work. The most frightful state of things in this respect is now transpiring that the United States