BANKING REVIEW.

The figures of the Canadian bank statement for March last will be found in condensed form below, and are compared with those for the previous month. The statement bears date, Ottawa, 15th April.

CANADIAN BANK STATEMENT.

LIABILITIES.

	Mar., 1886.	Feb. 1886.
Capital authorized..	$81,479,666	$ 81,479,666
Capital paid up....	62,218,385	62,182,713
Reserve Funds....	17,830,141	17,820,141
Notes in Circulation	29,959,917	29,691,348
Dominion and Provincial Government deposits....	10,702,173	7,621,424
Deposits held to secure Government contracts & for Insurance Companies......	816,913	801,867
Public deposits on demand..........	47,979,244	48,585,524
Public deposits after notice...........	50,893,610	50,709,636
Bank loans or deposits from other banks secured...	......	......
Bank loans or deposits from other banks unsecured.	1,155,219	789,119
Due other banks in Canada	714,382	1,623,446
Due other banks in Foreign Countries	270,528	115,894
Due other banks in Great Britain...	1,811,090	1,638,369
Other liabilities....	187,264	195,896
Total liabilities..	$144,490,341	$141,772,523

ASSETS.

Specie	$ 6,823,116	$ 6,820,550
Dominion notes....	11,907,194	12,358,988
Notes and cheques of other banks..	4,965,000	4,379,652
Due from other banks in Canada.	2,406,125	2,915,434
Due from other banks in foreign countries	16,018,323	17,688,496
Due from other banks in Great Britain..........	2,222,902	2,364,045
Immediately available assets......	$ 44,342,660	$ 46,527,165
Dominion Government debentures or stock.........	4,300,426	4,289,859
Public securities other than Canadian............	3,242,411	3,347,951
Loans to Dominion & Prov. Gov....	2,450,370	1,960,408
Loans on stocks, bonds or deben..	12,003,983	11,897,282
Loans to municipal corporations	1,652,718	1,464,871
Loans to other corporations	13,067,051	12,688,174
Loans to or deposits made in other banks secured....	141,502	101,501
Loans to or deposits made in other banks unsecured..	412,178	466,552
Discounts current..	131,372,895	127,519,157
Overdue paper unsecured..........	1,587,618	1,564,550
Other overdue debts unsecured........	111,566	112,658
Notes and debts overdue secured...	2,073,884	2,014,991
Real estate........	1,364,838	1,383,366
Mortgages on real estate sold	666,581	664,741
Bank premises....	3,322,453	3,312,859
Other assets.......	3,816,862	3,815,050
Total assets,.....	$225,929,994	223,131,136
Average amount of specie held during the month.......	6,823,525	7,022,621
Av. Dom. notes do..	12,213,209	12,123,025
Loans to Directors or their firms....	7,134,462	6,842,710

There have been some rather striking changes during this month. We do not refer to the increase of circulation, amounting to $268,000. This movement is natural and customary. During March of 1884 the increase in circulation was over $600,000. The increase in question has little to do with any expansion of the general trade of the country. Circulation arises almost wholly in connection with two or three special lines of business, particularly the lumber trade and that in agricultural products. During March the lumberers are paying off, as a rule, large gangs of men who have come out of the woods. Hence a large employment of bank bills.

There was a considerable movement in produce during March, for farmers by that time became convinced that no rise of prices was to be looked for. Such being the case, it is vain to hold on. On an average of seasons in fact, farmers make nothing by holding on. Still less do they make anything by turning merchants and shipping their produce abroad themselves. Many farmers have tried the experiment this year with cheese. The result has been disappointing. After awaiting returns for months, they have received less than they would have done had they taken the market as they found it. Farmers will perhaps now understand that 'middle men,' so called, are just as useful a factor in the commercial position as the producer himself.

Each one to his own trade. The farmer produces, the merchant distributes. The merchant who buys and sells, renders the community a distinct service which cannot be dispensed with. Merchants do not get an unreasonable profit. This is evidenced by the fact that so many of them fail to make a living, in fact fail to pay their debts. If the time spent by our farmers in playing at the trade of merchants had been spent in trying to improve the productive capacity of their farms they would have benefitted themselves and the country too.

The deposits of the Banks have increased by rather a large sum. They have swelled $2,670,000 during the month. This is almost wholly in the Government account with the Bank of Montreal, and arises out of the payment of duties in anticipation of an increase. Nothing has been made by this, as is well known. The Government managed to keep their intentions secret.

Discounts and loans have increased by the very large sum of $5,000,000. The increase is represented by a general movement on the part of the banks as a whole. Doubtless a considerable portion of the money paid to the Government for excise duties was borrowed from the Banks. Customs, duties on imports are always heavy at this season. That, too, creates a demand for discount on the part of importing houses. The payments by lumberers previously referred to, and increasing accumulation of produce in warehouses all tend to swell the volume of loans. The increase is satisfactory to the banks, doubtless, for they have abundance of funds. The leading Bank indeed appears to have more money than ever employed out of Canada. The sum stated to be due from agents in Foreign Countries is no less than $9,000,000. The greater part of this no doubt is loaned in New York or Chicago. The amount is remarkable when we consider that the total of the Bank's discounts for ordinary commercial business in Canada is only $15,000,000.

There cannot be a more striking instance of the folly of multiplying banking institutions in Canada than this. There is an enormous amount of Canadian money forced out of Canada altogether by unreasonable competition. The sum which the Bank of Montreal is compelled to employ in carrying on the business of Chicago would amply suffice if drawn back to Canadian channels to make up for the retirement of four or five of the smaller class of banks that were brought into existence so needlessly in late years. Yet Parliament goes on listening to every new application for a charter as if new banks were one of the great wants of the country.

While speaking of new charters it seems in place to say that a fundamental misconception exists as to the function of Parliament on the subject. There appears to be an impression amongst members of the committee on banking that provided any new charters conform to the terms of the banking Act any parties applying for a charter have the right to it.

This is an erroneous view of the case. Had such been the intention of the framers of the banking Act it would have been so expressed.

The National Banking Act of the United States does so express it. That Act gives the power to any body of persons whatever to organize a National Bank, on observing certain conditions, without any further need of application to Congress. The Banking Acts of the separate States all run in the same direction. The "Free Banking Act," as it was called, introduced some thirty years ago in Canada by the late Sir Francis Hincks was of the same character. Under these acts there is no further need of any application to Parliament. In all of them the security of the circulation is the main point aimed at, and by the requirement that circulation shall be based on government securities, the public are effectually secured. This point being sufficiently guarded any persons whatever are authorized in the States to establish a joint stock bank without applying to the legislature.

But our Canadian banking law is of an entirely different character. We call the special attention of members of Parliament to this fact. It does not provide that the circulation of Banks shall be secured by Government bonds. The only security required is that the bills shall be a first charge upon the assets in case of failure. This difference is fundamental. It is a marked feature of our banking Act, and, this being so, the legislature very properly refuses to allow any persons to establish a bank on merely complying with certain formalities. The banking Act compels those who desire to establish a bank to come before the legislature, plainly implying that Parliament has to exercise some discretion in the matter. It is obvious that Parliament is expected when a new charter is applied for to enquire whether a new bank