

a rule, be perfectly aware that they are liable at any moment to be required to pay; and that if the calls are made in consequence of a stringency in the money market there is every probability that a serious decline in market values will be the result. There is some difference of opinion as to the practicability of preventing loans on the security of bank stocks and as to the expediency of doing so, even if practicable. There has always been a prohibition of loans by a bank on the security of its own stock, a practice which would be open to a good deal of abuse. We are not aware that it has been even suggested that any Canadian bank has attempted to violate the law in regard to loans on its own stock. The Dominion Parliament has endeavored to prevent the banks from loaning on the security of the stocks of other banks, and the result has been that expedients have been resorted to which have led to the present discussion. The real cause of the difficulty, according to our judgment, is the preference given by money lenders to the security of bank stocks over any other that can be offered. In regard to the Savings Banks they are precluded very properly from making loans on the security of real estate, and from discounting commercial paper. They have no means of employing the deposits entrusted to them, except by loaning them on collateral security, and it would be most unreasonable to deprive them of the power of making loans on the most desirable securities offered to them. It may be possible to devise more stringent provisions in regard to the banks, but we shall be much surprised if it should be found practicable to prevent money lenders from supplying the means of operating in stocks, although it seems probable at a greater cost to the borrower. Before closing these remarks we may observe that the *Montreal Gazette* gave in a late issue an erroneous description of what constitutes legitimate banking business. It described it thus:—"The dealing in gold and silver bullion, and bills of exchange, the issue of promissory notes, the discount of commercial bills and the reception of deposits constitute the legitimate business of banking." In the Banking Act a bank is forbidden to engage in any trade, "except as a dealer in gold and silver bullion, bills of exchange, discounting of promissory notes and negotiable securities, and in such trade generally as appertains to the business of banking." We have no doubt that the words in italics must have escaped the *Gazette's* attention, but they have an important bearing on the subject in discussion.

HOLDING BACK THE CROPS.

There is no subject upon which the farmer feels more strongly, and consequently reasons more erroneously, than the rise and fall in the price of wheat. He fancies the whole community leagued against him on this head, forgetting the economic truism that prices are regulated by supply and demand. The world will not starve for bread though every farmer in Canada hold over his wheat till Spring; and our whole Canadian production is so small a fraction of the world's supply that it can have but little effect meantime upon prices. But the farmer himself is made to suffer. He loses, at a low estimate, about 3 per cent. in shrinkage, about 2 per cent. in ramage, and from 4 to 5 per cent. in interest—especially if he be indebted to the Loan Society at the usual 8 per cent., or owes the storekeeper, who will not go on from season to season lending him his capital for mere philanthropy—making in all say 10 per cent. loss, or ten cents a bushel off the price of the wheat, estimated at a dollar a bushel. Thus for the wheat which he might have sold in September or October for say a dollar a bushel, he must get in the month of April \$1.10 to \$1.12 in order to put himself in as good a position—to obtain as good a market—as that at a dollar a bushel of six months before; should he sell at a dollar in the Spring, it would be no better than 90 cents in the previous October.

THE BANK STATEMENTS.

There are some important changes in the bank statements, the usual summary of which will be found below. The circulation has increased by nearly four millions, or over six millions since August. The Government deposits on call have been reduced by nearly four millions, consequent doubtless on large purchases of exchange. There has not been so large a decrease in the loans on collaterals as might have been anticipated, while the ordinary discounts have increased. There has been a reduction of about a million and three quarters in the Specie and Dominion note reserve, and about the same amount in the indebtedness of Great Britain and the United States. It is clear, therefore, that the banks have pressed but lightly on their debtors on call, but nevertheless there has been a sufficient alarm to drive many weak holders of stocks out of the field. The circulation of Dominion notes has decreased, notwithstanding an increase in the small notes and in the new fours. The aggregate decrease is about \$500,000:

	Sept. 1882.	Oct. 1882.
Capital authorized...	\$67,146,666	\$67,146,666
Capital subscribed...	62,966,184	63,321,584
Capital paid up.....	60,103,394	60,720,833

LIABILITIES.

Circulation.....	\$33,953,388	\$37,940,516
D. Gov. dep. on demand.....	6,932,128	3,186,819
D. Gov. dep. after notice.....	7,083,465	7,083,464
Deposits Security for Gov't Contracts and Insurance.....	1,121,533	1,037,414
Prov. Govt. on demand.....	845,549	895,652
Prov. Govt. after notice.....	1,718,308	1,523,264
Other deposits on demand.....	48,597,344	47,660,783
Other dep. after notice.....	40,381,852	48,962,272
Loans or deposits from other Banks sec'd.....		
Loans or depts. by other Can. Banks, unsecured.....	2,409,138	1,716,032
Due Bks. in Canada.....	1,049,900	1,871,309
Do. in foreign countries.....	115,105	120,612
do. in U. K.....	2,878,277	2,054,413
Other liabilities.....	176,975	228,984
Total liabilities....	\$156,862,962	\$154,281,534

ASSETS.

Specie.....	\$7,625,604	\$6,708,167
Dom. notes.....	11,631,977	10,810,422
Notes and cheques on other Banks.....	6,305,464	7,547,674
Due from Banks in Canada.....	3,925,797	3,404,076
Due from Ag's or B's in for'n. countries...	15,294,924	12,319,912
Ditto. in U. K.....	661,018	1,804,910
Available Assets...	\$45,444,784	\$42,595,161
Gov. deb. or St'k.....	\$1,006,869	\$1,006,869
Loans to Dom. Govt....	949,909	593,601
do. Prov. Govt....	877,088	968,921
Securities other than Canadian.....	1,577,345	1,486,797
Loans secured by other than Canadian Securities.....	17,201,011	16,459,380
Loans to Municipal Corporations.....	1,946,252	2,105,447
Loans to other Corporations.....	11,335,724	11,765,630
Loans or deposits in other Banks sec'd.....	100,000	
Loans to or Depts. in other Banks, unsecured.....	1,470,744	985,363
Discount.....	143,890,314	146,379,356
Notes overdue not specially secured...	1,522,973	1,561,572
Overdue notes, sec'd..	1,730,428	1,782,643
Real Estate.....	1,527,088	1,480,778
Mortgages on R. E. sold by Banks.....	748,631	737,425
Bank Premises.....	3,051,184	3,062,392
Other Assets.....	2,566,404	2,628,933
Total Assets.....	\$236,976,748	\$235,563,168

Directors' Liabilities.	9,705,811	9,934,258
Avg Amt. Specie during month.....	7,498,629	6,759,773
Do. Dom. Notes.....	11,633,957	10,949,039

The capital stock of all the national banks in the United States is \$469,410,202. The assets claimed by life insurance companies, and there are but few of them as compared with the number of national banks, is \$408,541,793: