

the capital of the banks; the real estate and bank premises, represent another one-tenth of the capital, while over-due notes, secured and not secured, amount to a further one-tenth of the \$59,700,000 banking capital.

The following table exhibits all the details of the full statement published on other pages, as compared with the previous month and the corresponding period of 1878:

	March, 1879.	April, 1879.	April, 1878:
Capital authorized.....	\$63,966,666	\$63,966,666	\$66,966,000
Capital paid up.....	58,123,661	58,127,425	58,787,000
<b>LIABILITIES.</b>			
Circulation.....	\$17,221,088	\$16,122,138	\$17,857,000
Government deposits...	7,830,508	7,436,007	6,176,000
Public Deposits.....	56,578,270	55,949,671	56,726,000
Due Banks in Canada....	1,542,350	1,666,467	1,344,000
Due Banks not in Canada..	1,592,525	2,029,283	1,801,000
Other liabilities.....	114,048	99,814	139,000
	\$84,878,849	\$83,303,380	\$84,043,000
<b>ASSETS.</b>			
Specie & Dem notes.....	\$12,981,081	\$13,354,611	\$12,759,000
Notes and cheques on other Banks	3,448,588	3,027,064	3,250,000
Due from Bk's in Canada..	3,659,120	3,170,386	3,287,000
Due from B'ks not in Can.	6,096,152	5,900,602	6,115,000
Available assets.....	\$26,184,941	\$25,452,663	\$25,411,000
Government Stocks.....	\$2,096,222	\$2,155,701	\$2,308,000
Loans to Government....	72,616	76,090	933,000
Loans on Siks and Bonds.	7,415,219	7,447,104	7,337,000
Loans to Corporations....	3,112,804	3,061,014	2,990,000
Discounts.....	106,532,228	104,869,260	107,252,000
Real Estate and Bank Premises..	5,262,278	5,307,125	4,676,000
Overdue Notes	6,360,931	6,206,618	6,710,000
Sundries.....	1,514,688	1,418,527	1,672,000
	\$158,541,927	\$155,994,102	\$159,289,000

As for the suspension of the Mechanics Bank, referred to elsewhere, the only surprise is that it had been deferred so long.

#### COLLAPSE OF THE MECHANICS BANK.

Although the Mechanics Bank after the suspension in 1875 had its stock reduced to 60 per cent. by Act of Parliament, and was supposed to be then put in a sound financial position, yet there were only a few among the knowing ones in financial circles who were taken by surprise when, on Wednesday last, it was announced that it had finally closed its doors that afternoon against further business. All kinds of reports were immediately flying

about, assigning various causes for the suspension, but these were soon narrowed down as to the motives actuating the Molsons Bank in refusing to longer continue honoring their drafts or cheques.

It may be remembered that the sub-committee appointed in 1875, to report as to the affairs of the Mechanics Bank, announced that a reduction of 40 per cent. of the capital was necessary in order to place it upon a sound basis and enable it to resume business. Accordingly, at the Parliamentary Session of 1866, a Bill was passed authorizing this reduction, besides an issue of preferential stock to the extent of \$300,000, to bear interest at 8 per cent. for five years, when it was to be merged in the general stock and treated as such. Power was also given to accept old stock from shareholders indebted beyond the amount of their shares in settlement of bad debts, and to cancel it. On the strength of this very liberal legislation, the Molsons Bank readily agreed to a proposal for a line of credit not to exceed \$125,000 at any time, deposits to be placed with the latter, and cheques of the revived institution to be honored as required within the specified limit. Matters went smoothly enough for some time, and the President at the annual meeting in July last year, stated that on the whole, matters had turned out better than had been expected, although the shareholders, from various causes, had not been able to second the directors in subscribing for new stock. Nearly the whole of what was taken up was in the hands of directors and their friends. It was shown then that the ordinary stock had been reduced to \$160,000; and that preferential stock had been subscribed to the amount of \$82,000, of which little over half had been paid up.

Within the last year or two finding that with the too great volume of banking capital available in larger towns and cities, competition was too keen, the Mechanics Bank decided to seek customers "far from the madding crowd," and proceeded to open branches at Beauharnois, Valleyfield, Huntingdon, Coteau, Alexandria and Vankleek Hill, by which its circulation and general business were considerably augmented. It is stated, however, that extraordinary means have been resorted to in obtaining circulation, and it is the reaction from this *quasi* style of banking which has precipitated the present crisis. As is usual at this season the circulation of all banks is much contracted, and it is not uncommon, even in much larger institutions, to find much difficulty in keeping out their circulation. There is scarcely any rule of banking which is more honored

in the breach than the observance among smaller banks than this of obtaining circulation, and the respectable institutions of the country should look upon such practices with little less favor than they regard accommodation paper. The custom is only of recent beginning. The usual rate paid, ranges, we believe, from two to three per cent. A question that may now arise is, how much of the circulation of \$168,000 is in the hands of these circulating agents.

A reference to the detailed statements of all the banks which we publish on another page, will show the position of the Mechanics Bank as submitted to the Government on the 30th ult., and we do not repeat it here; but the following table will furnish some idea of what the prospects for the shareholders may be:

Circulation.....	\$168,000
Deposits.....	253,000
Due other banks.....	112,000
Other liabilities.....	13,000

Total liabilities.....	\$546,000
Specie.....	\$1172
Dominion notes.....	1317
Notes & cheques on other banks	4486
Balances due from banks in Canada.....	7,295
Due from banks in foreign countries.....	1,966
Due from banks in United Kingdom.....	13,403

Total available assets...\$29,638

On the 27th inst., the cashier of the Molsons Bank addressed a letter to Mr. Menzies, cashier of the Mechanics' Bank, congratulating the bank on the improvement in the accounts, and expressing a hope that the immediate reduction of \$70,000, as promised by Mr. Brydges and himself (Mr. Menzies), would be accomplished, as the Board had been undecided about continuing the account. Instead of the expected reduction, further sums were required, amounting to about \$35,000, the cheque which was refused being for \$18,000. A promise from Menzies was given that \$7,000 would be provided for immediately, and \$5,000 in a day or two. The total amount "due to other banks in Canada," as shown by the detailed statement on another page, is to the Molsons' Bank, amounting to \$112,000, for which, however, they are amply secured. Mr. Menzies has addressed a letter to Mr. F. Wolferstan Thomas, cashier, of the Molsons' Bank, entirely exonerating the latter institution from any unfavorable disposition or action towards the defunct bank, beyond what was rendered necessary by the peculiar position in which the