

loans on stock exchange collateral has not been excessive. Reference to the bank statements of the past few months also gives one the impression that the special movements in Montreal Power, the South American tractions, Shawinigan Power, Laurentide, etc., have been largely financed outside of the banks. For, in every month of 1912, excepting June, the Canadian call loans of the banks show decreases. In June the increase was only \$400,000; and the net decrease for the six months was nearly \$4,000,000. Of course, it may be that some of the large houses accustomed to borrow at the Bank of Montreal, have secured new money on balance from it in the half year. The Bank of Montreal, while it does not report any call loans in Canada, no doubt lends on time to its high class stock broking customers; and such loans would probably appear in the bank statement as current loans in Canada. Some observers are beginning to think the Montreal stock market at present has a certain resemblance to the market of about ten years ago when Dominion Coal and Dominion Iron were soaring. The subsequent collapse in those stocks wiped out many margin speculators and threw an important Toronto house into insolvency.

Rumors of another bank amalgamation provided interest for the street last week and this. The name of the Banque d'Hochelaga was freely used. President Rolland, of this French Canadian institution, flatly denied the stories, and stated that in the fall of 1911 a majority of the Hochelaga stockholders had entered into an undertaking to keep control of their stock so as to prevent any other bank absorbing the Banque d'Hochelaga. As the Banque Internationale was started in October, 1911, this protective move was evidently intended to head off any action which the progressive president of the Internationale might take.

A BILLION AND A HALF IN ASSETS.

The June statement showed the total assets of the Canadian banks to have arrived at a figure within ten million dollars of a billion and a half—the exact amount was \$1,490,443,071. There was an increase of about \$16,000,000 in June, and as a comparatively small further gain would carry the total above \$1,500,000,000, for practical purposes it may be assumed that the billion and a half mark has been attained. It was at the end of December, 1908, that the assets of the banks crossed the billion mark for the first time—the exact figure then being \$1,001,352,290—so it may be said that the new half billion of assets have been acquired in three and a half years. The increase of banking power has been at the rate of about \$143,000,000 per year, or say \$12,000,000 per month. In the 3½ years the assets increased roundly 50 p.c. A similar ratio of increase for the ensuing period of 3½ years would bring the total up to about \$2,250,000,000 by the end of De-

cember, 1915. However, it may be taking too much for granted to anticipate that the banking power of the Canadian chartered institutions will exceed two billions in another three years. The period just ended has been one of great prosperity, and expansion has been the rule. It is quite possible and even probable that before the end of 1915 is reached a reaction or upset will be encountered. But, even if it is experienced, such reaction may not be of a character to impose more than a temporary check on the progress of the banks. It will be remembered that during the period of disturbance comprising the panic of 1907 deposits of the Canadian banks decreased considerably. Contraction of the deposit liability began in January, 1907, and continued almost uninterruptedly until the end of February, 1908, in which period of 13 months the deposits fell from \$660,517,537 to \$616,718,070. After February, 1908, a most important rise occurred. The total increase in four years and four months—to June 30, 1912—is \$515,000,000.

So if the next panic or set-back follows a course similar to that of 1907, we may expect that there will be a period of stringency and contraction of bank liabilities preceding the actual outbreak or crisis, and that after the crisis is past a heavy accumulation of deposits in the banks will take place. With reference to panics and crisis it is to be noted that they do not usually follow the track or path marked out by preceding disturbances. Each one has its particular dominating cause, and as the causes differ so the results or effects are different. But following nearly all of them there is seen accumulation of funds in the banks as industry and trade relinquish capital and settle down to a period of quietness.

As there are 28 banks appearing in the list on June 30th, 1912, the average of resources per bank figures out a little above \$53,000,000. Deducting the figures of the Sovereign Bank the average per bank for the going concerns becomes \$55,000,000.

The Bank of Montreal accounts for \$247,071,119, or about 16.6 p.c. of the whole. The Canadian Bank of Commerce has \$241,592,507, or 16.2 p.c. of the whole. These two big banks taken together account for roundly 33 p.c. of the whole of the banking assets.

The Royal follows with 8.2 p.c. of the total. After the absorption of the Traders is completed the Royal's proportion will probably be about 11.8 p.c. The Merchants' proportion as at June 30th last was 5.7 p.c.; the Imperial and Dominion had in the neighborhood of 5 p.c.—the former being a little over that percentage and the latter being a little under it. The Nova Scotia, the British and the Union had more than 4 p.c., but less than 5.

It will be interesting to indulge in surmises as to the relative positions of these banks on the supposition that in the next four years or so, the general banking assets will have increased 50 p.c., and that the assets of each institution will have increased in practically the same proportion. Thus if the total assets of all banks reaches \$2,250,000,000 at the end of this period, and the Bank of Montreal and the Commerce each have one-sixth of the total, those two banks will then have in all \$750,000,000 of assets, or say \$375,000,000 each. If the Royal has 12 p.c. of the whole, its share would be \$250,000,000.