

tive and exclusive functions of the Bank of England.

A question was asked at the meeting as to whether the tunnelling work being done for underground railways was likely to affect the foundations of the bank's building. The enquirer was assured that there was no risk. It would never do to undermine the world's principal bank!

DEVELOPMENT OF BANKING BUSINESS IN CANADA, 1900 TO 1904.

A table is published on another page showing the amount of the capital, reserve fund, circulation, deposits, current loans and call and short loans of each one of 24 chartered banks in Canada at the close of 1900 and 1904, also the figures of the three banks established since 1900, and the aggregate of six small banks for 1904, and of 10 of these smaller ones for 1900, inclusive of those that are no longer in the monthly statement issued by the Government.

The percentage which the deposits, current loans and call and short loans bear to the paid-up capital, are given for each bank, as at the end of 1900 and 1904, also the percentage of the individual and total increases.

The exhibit is remarkable for the evidence it gives of the extensive development which has taken place in the banking business in Canada in the last four years. It is interesting as showing how general was the expansion in the resources and active business of the banks. Wide variations are noticeable in the extent of the several increases, but every one of the 24 banks shows an increase of business.

Twenty banks enlarged their capital since the end of 1900, five made no change, and three new banks appear on the list, whose aggregate capital is \$2,922,851. The net result of the changes in four past years, from the end of 1900 to end of 1904, was as follows:

Net decrease in number of banks.....	2
Net increase in paid-up capital.....	\$12,968,485
Net increase in Reserve Fund.....	19,570,307
Net increase in circulation.....	13,749,148
Net increase in deposits.....	173,468,875
Net increase in current loans.....	135,398,062
Net increase in call and short loans.....	23,244,092

The several increases in the last ten years, from the end of 1895 to end of 1904, were as follows:

	1904.	1895.	Increase.	Per cent. of increase.
	\$	\$	\$	%
Capital paid up.....	80,055,596	62,196,391	17,859,205	28.71 p.c.
Reserve Fund.....	51,071,656	27,665,799	23,405,857	95.44 p.c.
Circulation.....	64,567,394	32,565,179	31,942,215	98.09 p.c.
Deposits.....	492,226,795	187,119,573	305,107,222	163.05 p.c.
Current loans.....	431,124,244	202,088,759	229,035,985	113.33 p.c.
Call loans.....	87,733,419	17,089,307	70,644,112	413.38 p.c.

The extent of the increases in the last four years as compared with the increases in last ten years appears from the following comparison:

	Per cent of increase in past 4 years.	Per cent. of increase in past 10 years.
Increase in capital.....	19.18 p.c.	28.71 p.c.
Increase in reserve fund..	56.72 p.c.	95.44 p.c.
Increase in circulation....	27.08 p.c.	98.09 p.c.
Increase in deposits.....	54.61 p.c.	163.05 p.c.
Increase in current loans...	45.78 p.c.	113.33 p.c.
Increase in call loans....	47.47 p.c.	413.38 p.c.

The above shows that the movement for enlarging capital was more active between 1900 and 1904 than in preceding six years, and that the additions made to the reserve fund were larger than in six preceding years. From 1895 to 1904 the average annual increase of capital was \$1,785,920, while from 1900 to 1904 the average annual increase of capital was \$3,242,121. The average annual increase of reserve fund from 1895 to 1904 was \$2,640,585, while from 1900 to 1904, the average annual increase of reserve fund was \$4,892,576.

On the other hand while the average annual percentage of increase in deposits in the past four years, 1900 to 1904, was 13.65 per cent., in the past ten years the average annual percentage of increase in deposits was 16.30 per cent.

The average annual increase in current loans was about the same in the two periods, from 1895 to 1904 being 11.33 per cent. and from 1900 to 1904 11.44 per cent. The enlarged proportion of call loans in the last ten years is a marked feature in the returns, the average annual increase for the past ten years having been 41.33 per cent.

In considering this item, however, it must be borne in mind that for a considerable part of the period from 1895 to 1904, the call loans *outside Canada* were not so classified by all the banks. Therefore, as regards the increase in this item there is uncertainty in the period from 1895 to 1900, in which latter year the outside call loans were, for the first time, placed in a separate column in the monthly statement issued by the Government.

The small percentage of the increase of capital in past four years as compared with the percentages of the increases in deposits and loans is a striking feature in the returns. While the deposits have been enlarged by 54.61 per cent. and the current loans by 45.78 per cent. since the end of 1900, the paid-up capital has been increased by only 19.18 per cent. In other words, while in 1900 the current loans amounted to 440.8 per cent. of the capital, or 4 2/5ths times, in 1904 the current loans were 538.5 per cent. of the capital, or, a fraction less than 5 2/5ths times. But, as the reserve fund in the same period, 1900 to 1904, was increased by \$19,570,307, this supplementary capital made the total addition to the capital \$32,538,792. If this is taken into account, the percentage of increase in the gross capital, that is, the paid-up capital and reserve fund combined, in the last four years