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A FINANCIAL PUZZLE.

There is one point in the Government banking returns which has always appeared to us inexplicable, at least in any satisfactory manner. We refer to the items of loans and deposits to and from other banks. This is a very important matter. The question was first inserted for the express purpose of finding out what banks, if any, were receiving aid from their confrères, in order that the public might be warned by this fact. At the collapse of the Consolidated Bank, however, it was found that the question was not always truthfully answered, the explanation given being that it was not understood to cover *deposits* received from other banks. As it was very desirable that the law should not be evaded on any technicality, and the public thus prevented from knowing the exact facts of each case, the wording was carefully altered so as to cover every possible case. In spite of all this, it would appear, however, as if it were still to a large extent a dead letter.

It is evident at a glance that the loans made by Canadian banks to our other banks should be exactly the same as those which these banks report as having received from their confrères. The totals should correspond, but unfortunately they do not, as the following table will show:—

Loans between Canadian banks, 31st March, 1886.

Bank.	Loans or deposits made to other bks., secured.	Loans or deposits made to other bks., unsecured.	Loans or deposits received from other bks., secured.	Loans or deposits received from other banks, unsecured.
Merchants.....	\$13,078.00	.....	.....	\$489,181.14
Montreal.....	.....	.....	.....	427,375.76

Toronto.....	.....	.....	88,662.57
Federal.....	.....	.....	50,000.00
Ottawa.....	.....	.....	50,000.00
Union Bank L.C.....	.....	.....	50,000.00
Commerce.....	\$50,000.00	.....	.....
Standard.....	30,000.00	75,000.00	.....
Eastern Trw'rs....	28,424.16	.....	.....
Quebec.....	20,000.00	.....	.....
London in Can..	.....	165,829.85	.....
Hamilton.....	.....	64,041.49	.....
Molsons.....	.....	55,000.00	.....
St. Hyacinthe..	.....	45,000.00	.....
Central Bank...	.....	7,306.54	.....

Totals..... \$141,502.16 \$412,177.88 None \$1,155,219.47

The large amount which the Bank of Montreal and the Merchants Bank acknowledge to have received as deposits from other banks can be readily explained by the fact that they receive large sums from the Montreal City and District Savings Bank and the Caisse d'Economie of Quebec. We can see no satisfactory explanation, however, of the fact that five of our banks claim to have advanced \$141,502.16 to other banks, for which they exacted special security, while no other bank in the country acknowledges having received one dollar of this money. We must either believe that the money was applied to assisting weak banks outside of Canada, which is very unlikely, especially when we look at the names of the banks which made the loans, or we must take the alternative and believe that some banks have made false returns to the Government. This is undoubtedly a very serious matter. It is but natural that every banker should desire to keep as private as possible a transaction which would at once tell the public that his bank was in a very straightened condition, and the temptation to insert the amount under the heading of ordinary deposits, where it would have a favorable appearance, or to at least overlook the fact that security had been given, and call it an unsecured "loan or deposit," would be very strong. The very fact, however, that it is such a crucial question makes it all the more important that it should be faithfully answered in the interest of the public. The Finance Department should insist on the five banks we have named revealing the names of those to whom they made the advances, and in this way it would at once be found out which ones have been making the false returns. When discovered, an example should be made of the offenders, for it is false kindness to allow what we can call by no milder name than a crime against the public, to go unpunished.