

ing in pace which, as we pointed out last month, was the note of 1904, a more rapid rate of progress is again setting in. The total increase during the first four months of the year is, however, appreciably below that which took place in the corresponding period of each of the two previous years, as the following figures show:

Current Loans in Canada.

	December.	March.	April.
1901-02	\$289,158,000	\$300,066,000	\$302,160,000
1902-03	322,879,000	346,292,000	353,170,000
1903-04	384,419,000	403,566,000	409,196,000
1904-05	413,779,000	422,351,000	431,405,000

	Increase by 30th April over December.	March.
1901-02	\$13,002,000	\$2,094,000
1902-03	30,291,000	6,878,000
1903-04	24,777,000	5,630,000
1904-05	17,626,000	9,054,000

With an increase during the month of \$994,000 in loans outside Canada, the banks had to find about \$10,000,000 in April for their discount customers, while about \$1,000,000 more was advanced on call loans in Canada. Of the \$11,000,000 thus advanced, about \$5,000,000 was supplied by the increase in liabilities, which has already been noted; of the balance, \$1,500,000 was withdrawn from call loans outside Canada, while demands were made upon British and foreign agents for \$5,082,000, reducing the balance due from them to \$26,763,000. These balances, however, are still unusually large. In April, 1904, they amounted only to \$12,762,000, and in April, 1903, to \$15,936,000.

Taking the country as a whole, the outlook for the coming summer could hardly be brighter, and unless some unexpected reverse overtakes us, the banks are not likely to experience any difficulty in employing their funds. To forecast even the immediate future from a study of the bank reports would only be possible, if at all, if accurate information could be obtained regarding the nature of the changes in the figures of the individual banks. But the figures for April certainly show indications of a return to the activity which characterized 1903. If this should prove to be the case, the demands upon the banks will certainly not be small, but—thanks in some measure to the comparatively quieter period through which we have just passed—the latter are in an exceptionally strong position. The assets upon which they first rely to meet demands stand as follows, a comparison being made with the figures for the same month in 1903:

	1903.	1905.	Increase.
Cash	\$40,365,000	\$54,980,000	\$14,615,000
Balances due from agents outside Canada	15,936,000	26,736,000	10,800,000
Call loans outside Canada	38,267,000	44,523,000	6,256,000
Securities	64,671,000	67,008,000	2,337,000
Total	\$159,239,000	\$193,247,000	\$34,008,000

In the controversy which in a more or less intermittent fashion is always being carried on in the United States between the supporters of the National Banking System and those who advocate the introduction of branch-banking and an assets currency, a favorite argument of the upholders of the small bank, locally owned, is that by its means banking facilities

are more freely provided for the inhabitants of the country districts, and that local needs are more fully met. If those who use this argument were aware of the rapidity, not to say recklessness, with which new branches of our Canadian chartered banks are being established, they would probably change their views.

Observe the figures for the last three or four years.

	No. of Branches in Canada of Chartered Banks.	Total Liabilities Chartered Banks.	Average Liability for each Branch.
Dec. 31st,			
1901	740	\$449,091,000	\$606,000
1902	897	499,508,000	556,000
1903	1,048	525,924,000	501,000
1905 (30th April) ...	1,215 (about)	591,557,000	486,000

Taken absolutely, these figures are not quite accurate, as the number of branches includes those in Canada only, whilst the liabilities are those of the branches both in Canada and abroad. But as a means of comparison between different years, they are sufficiently near the mark.

The exhibit is certainly a curious one. Since 31st December, 1901, the total foreign trade of the country has increased by about 18 per cent., the population by possibly 7 or 8 per cent., and the liabilities of the banks by 31 per cent. Yet the banks have thought it wise to increase the number of their branches by about 475, an increase of 64 per cent., with the result that the average liability per branch has been reduced from \$606,000 to \$486,000. This means that a large proportion of the new branches are doing very little business, and that the banks, taken collectively, must have on their hands a very considerable number of unprofitable branches. A deliberate policy of building for the future can no doubt be justified when, as in the case of the Canadian North-West, the future is ensured beyond reasonable doubt, and if branches are established with due regard to the requirements of each particular district. Even in the North-West, however, it is obvious that this has not always been done, while in Ontario new branches have been opened in places where banking facilities were ample, and where it was evident that practically the whole of any business which might be obtained would have to be enticed away from the banks already established.

For the banks as a whole, the question is a serious one. At the moment, profits are good, and the burden of a certain number of unprofitable branches can doubtless be borne. But by and by will come a time when business will be less active, when profits will decrease, and when the fact that a certain proportion of these new branches will never pay expenses will have to be faced. Branches will then have to be closed, and out of profits already reduced will have to be written off, not only the operating losses of the different branches, but also the losses sure to be incurred through accounts secured by the offer of terms inconsistent with sound banking. In a time of expansion, it is the easiest thing in the world to lend money. In the period of contraction which sooner or later is sure to come, it will be by no means so easy to get it in again. The public cannot afford to ignore the matter, for in great measure the ultimate loss will be theirs. To whatever extent the business of banking is rendered less profitable and its operation more expensive, to that extent customers will in-