1912 their ratio is 9, as against $3\frac{1}{2}$ shown by the national banks.

The banking institutions in the Dominion are accustomed to transfer to surplus account a large proportion of their ordinary earnings. Every year the aggregate surplus approaches closer to the aggregate of paid capital. Thus, taking the average figures for 1912, their total surplus represented about 95 per cent. of paid-up capital. Six years before—in 1906—the surplus represented barely 70 per cent. of the capital. In the case of the national banks the surplus represented a little more than 53 per cent. of capital in 1906 and a little more than 68 per cent. in 1912.

TOTAL RESOURCES.

Year.	United States nat'l banks.	Canadian banks.
1907	$ 8,390,328,402	$ 950,160,583
1908	9,027,260,484	954,518,493
1909	9,573,954,376	1,079,284,640
1910	9,826,181,452	1,223,449,771
1911	10,379,439,383	1,322,162,028
1912	10,963,400,760	1,501,817,705

The above figures—of resources—are actual, not average. The Canadian figures represent the totals given as at August 31 last year; and the United States figures are taken from the Comptroller's abstracts as at nearest date to August 31 in each year. In view of Canada's heavy borrowing abroad since 1908, and of her large gains in population, it would be expected that she would show great gains in banking power. For the whole period of five years the total resources of her banks increased 58 per cent., as compared with an increase of less than 31 per cent. on the part of the national banks.

Coming next to the record of net earnings and dividends, it is seen that banking capital in the two countries on the whole shows very similar results.

UNITED STATES NATIONAL BANKS.

Year—	Net earnings.	Per cent earnings to Cap.	Per cent earnings to Cap. & surp.
1906	$113,662,000	14.6	9.5
1907*	164,896,000	19.6	12.3
1908	132,254,000	14.67	9.10
1909	131,185,000	14.27	8.72
1910	154,167,000	16.00	9.67
1911	156,985,000	15.57	9.35
1912	149,056,000	14.45	8.59

	Dividends.	Per cent dividends to Cap.	Per cent dividends to Cap. & surp.
1906	$ 80,831,000	10.4	6.8
1907*	108,282,000	12.9	8.1
1908	98,149,000	10.89	6.75
1909	92,993,000	10.12	6.18
1910	105,898,000	10.99	6.65
1911	114,685,000	11.38	6.83
1912	120,300,000	11.66	6.93

*A change in the statement date occurred in 1907. The date was then advanced from March 1st to June 30, and the results given in the Comptroller's report represent a period of 16 months. For purposes of the above table they have been reduced to the basis of a calendar year. Possibly the confusion incidental to the change of statement date destroyed the value of the returns of that particular year for statistical purposes.

CANADIAN BANKS.

Year—	Net earnings.	Per cent earnings to Cap.	Per cent earnings to Cap. & surp.
1906	$12,290,000	13.98	8.23
1907	13,759,000	14.49	8.37
1908	12,910,000	13.95	7.89
1909	12,626,000	13.51	7.50
1910	14,103,000	14.93	8.16
1911	16,407,000	16.62	8.84
1912	17,613,000	17.00	8.72

	Dividends.	Per cent dividends to Cap.	Per cent dividends to Cap. & surp.
1906	$ 7,208,000	8.20	8.43
1907	8,131,000	8.56	4.94
1908	8,090,000	8.74	4.95
1909	8,293,000	8.88	4.93
1910	8,715,000	9.19	5.02
1911	9,699,000	9.82	5.22
1912	11,142,000	10.77	5.52

As has been pointed out in previous articles on this subject, the Canadian policy in regard to dividend payments is the more conservative. This is clearly shown by the following figures. The dividends paid by the national banks have absorbed of the annual net earnings the following proportions: In 1906, 71 per cent.; in 1908, 74 per cent.; in 1909, 71 per cent.; in 1910, 69 per cent.; in 1911, 73 per cent., and in 1912, 81 per cent. The record of the Canadian banks as regards dividends is as follows: In 1906 the dividends amounted to 59 per cent. of net earnings; in 1907, 59 per cent.; in 1908, 63 per cent.; in 1909, 64 per cent.; in 1910, 61 per cent.; in 1911, 57 per cent., and in 1912, 63 per cent. It is noteworthy that in 1912 the national banks increased their dividend distributions by over $5,600,000, notwithstanding that net earnings declined $7,900,000. Although the ratio of earnings to capital and to capital and rest is remarkably even, a close perusal of the figures reveals the fact that the conservative practise of the Canadian banks in building up the surplus account from earnings, together with the more rapid growth of their total resources, is gradually serving to establish their earning power on a higher level. Thus in the matter of ratio of earnings to capital they were a little behind the national banks in 1906, but in 1912 they were $2\frac{1}{2}$ points ahead. And in ratio of earnings to capital and surplus (to total of proprietors' funds, in other words) they were $1\frac{1}{4}$ points behind in 1906, and in 1912 they were slightly ahead for the first time. The same tendency is observable in the ratio of dividends to capital and in the ratio of dividends to capital and surplus.

The two banking systems make the following comparison in ratio of earnings to average total resources:

	National banks.	Canadian banks.
1906	1.50 p.c.	1.45 p.c.
1907	2.04	1.47
1908	1.55	1.41
1909	1.39	1.23
1910	1.58	1.19
1911	1.55	1.29
1912	1.40	1.26

Edmonton has concluded negotiations with a London financial house for the sale of $11,000,000 5 p.c. debentures at 95 net.