

large quantity of the 1911 wheat crop remains in Western Canada; and a considerable loss will be entailed upon some farmers by reason of the inability of the railways to handle the offerings. It is probable that a larger amount than usual will be shipped south to Minneapolis. Hitherto the freight rates from shipping points in Manitoba and Saskatchewan to Minneapolis and Duluth have been higher than to Fort William and Port Arthur. The Hill lines have reduced their rates and the Interstate Commerce Commission has sanctioned the reduction. So it is presumed that the Minneapolis millers will import larger quantities of Canadian wheat for the purpose of grinding it for export United States millers importing our wheat are allowed a rebate of 99 p.c. of the duty on exporting the flour made from the same wheat.

#### THE BANKS AND THEIR WESTERN LOANS.

In connection with the business of the banks there is one matter about which the public would be glad to have information, but none is forthcoming. There has always been a considerable amount of curiosity regarding the loans and advances of the banks in the respective provinces. It is well known that a very large amount of deposit funds secured by the banks in Eastern Canada has been transferred to the provinces west of Lake Superior, and put out there in the form of loans and discounts. In a general way the branches in the agricultural districts of Ontario are deposit branches—that is to say the deposits over-balance the loans to a considerable extent. Many of the smaller branches in Quebec, Nova Scotia, and New Brunswick, are also classed as deposit branches. On the other hand the principal branches in the cities and in the manufacturing towns in Eastern Canada are generally classed as discount branches. So the surplus funds secured by the banks in the Eastern agricultural districts are supposed to go first to the Eastern cities and manufacturing centres and then to the branches in the Western Provinces. Although there are probably a number of important branches in the West, which support themselves in regard to capital—which in other words supply deposits to equal or surpass their loans—it is recognized that, speaking generally, the Western branches are discount branches, dependent upon the Eastern branches for a considerable part of their capital.

With reference to the banks in the largest cities in the East it is known, of course, that their loans and discounts are enormous. It should not, however, be supposed that the funds for making these loans are drawn entirely from the country branches. In Montreal and Toronto the banks secure very large deposits indeed. The principal or main branch of a bank well established in one of these cities holds

most extensive deposits; and the other city branches may hold good deposits. In the aggregate the deposits of the main and auxiliary offices in the city supply a large proportion of the funds used in making loans to the manufacturers, merchants, and other business men.

At present there is an exceedingly strong demand from Western Canada for funds. They are wanted for mortgage loans, for bank loans and for loans of all kinds. The West is developing rapidly on a broad and solid foundation. And the development work calls constantly for supplies of new capital on a huge scale. Speculation, too, is very much in evidence. In the towns and cities the inhabitants are prone to speculate in real estate, stocks, and commodities; and many of the farmers also are in the habit of mortgaging their farms to procure funds for speculating in new lands. Of course, it is desirable that the people of Western Canada should be optimistic, that they should have firm confidence that the population of the West, its values of all kinds, will continue to increase rapidly. That spirit makes for good progress. But the existence of such a state of affairs in Western Canada has a tendency to draw away from the people of the East an undue proportion of the banking funds. A speculator who firmly believes that the deal he has undertaken is bound to prove exceedingly profitable is usually willing to pay high rates of interest for the funds required to swing the transaction. And when thousands of people are of the same mind the drawing power they exert upon outside capital is tremendous. For mortgage loans and bank loans in Western Canada exceptionally high rates are offered, and some of the Eastern borrowers have been complaining that the financial institutions are perhaps allotting too large a share of their available funds to the clamorous Westerners who are bidding the fancy rates of interest.

For this reason a comparative statement of the bank loans in the respective provinces would be eagerly read. Many of the customers of the banks would be interested in tracing the course of the Western loans and comparing it with the course of the loans in the East. But such a statement cannot be had. The banks do not give the public the required information. All that can be done by an outside critic is to guess at amounts loaned in the different sections. The bank clearings as published for the several provinces give some clue to the movement of funds; the location of the branches gives another clue. As the loans of the branches will vary widely it would not be feasible to allot the loans of the banks to the several provinces *pro rata* to the number of branches. As the Province of Quebec has but 15 p.c. of the total number of branches, the current loans and discounts for this province would appear to be about \$115,000,000 when calculated on that basis. This method of