THE CAPITAL OF THE BANKS —HOW IT HAS INCREASED.

As it appears probable enough that the paid-up capital of the Canadian chartered banks will soon pass the $100,000,000 mark, it will be interesting to take account of the movement of the capital account in recent years.

At the end of 1903 the total of paid-up capital was $78,563,236, the total of reserve fund, $50,598,511. The aggregate of the two accounts was $129,161,747. At the end of 1909 the figures were as follows: Capital, $97,808,617; reserve fund, $77,847,333; aggregate, $175,655,950. But, as the Sovereign Bank's capital of $3,000,000 is included in this total the figures might be revised to that extent. Allowing for the deduction the increase in the six years has been in capital $16,245,381, in reserve fund $27,248,822. The following table shows the position as given in the government bank return at the end of each year since 1902:

Dec. 31	Capital.	Rest.	Total.
1903	$78,563,236	$50,598,511	$129,161,747
1904	80,055,596	54,071,656	134,127,252
1905	85,294,210	59,898,397	145,192,607
1906	95,509,015	69,258,007	164,767,022
1907	95,995,482	70,901,232	166,896,714
1908	96,457,573	74,427,630	170,885,203
1909	97,808,617	77,847,333	175,655,950

So far as capital is concerned practically the whole of the actual increase occurred in the first three years. The total at the end of 1906 was $95,509,015. Deducting the $1,500,000 of dead capital belonging to the Ontario Bank, the total becomes $94,009,015. So the increase in the second three years was but $3,800,000 while that in the first three years was $15,445,879. Present indications are that the banks are approaching a period somewhat similar to 1903-1906 in that it will see a considerable addition to their paid-up capitals and rests. Sir Edward Clouston remarked some little while ago that it was more desirable from the banks' point of view, to have the deposits increase and furnish the means of increasing the credits granted by the banks to the public than for the banks to increase their capitals too rapidly. Since he uttered those words the deposits of all the important banks have increased very largely. Their general business has increased rapidly and a continuation of the expansion on the present scale will make it advisable to broaden the base of the banking business through enlarging the capital fund.

Although they have not on the whole increased their capital in the last three years the banks have continued to build up the reserve funds through appropriating surplus profits to that purpose; and though the aggregate of paid-up capital has not increased there has actually been an increase of the capital of the banks now in active business sufficient to replace the Sovereign's $3,000,000 capital. Following are some of the notable changes in capital and rests since 1903. Taking first the banks which have gone out of active business:

		Dec. 31, 1903.	Decrease.
St. Stephen—	Capital	$200,000	
	Rest	45,000	$ 245,000
Ontario—	Capital	1,500,000	
	Rest	500,000	2,000,000
Peoples (Hal.)—	Capital	993,565	
	Rest	417,433	1,410,998
Peoples (N.B.)—	Capital	180,000	
	Rest	170,000	350,000
Yarmouth—	Capital	300,000	
	Rest	50,000	350,000
Merchants (P.E.I.)—	Capital	343,781	
	Rest	266,000	609,781
St. Jean—	Capital	265,499	
	Rest	10,000	275,499
St. Hyacinthe—	Capital	329,515	
	Rest	75,000	404,515
Western—	Capital	434,889	
	Rest	175,000	609,889
Sovereign—	Capital	1,300,000	
	Rest	325,000	1,625,000
			$7,880,682

Then the banks which have increased their capital funds under the headings of capital and rest.

Capital and Rest. Banks—	Dec. 31, 1903.	Dec. 31, 1909.	Increase.
Montreal	$24,000,000	$26,400,000	$2,400,000
New Brunswick	1,275,000	2,102,625	827,625
Quebec	3,400,000	3,750,000	350,000
Nova Scotia	5,100,000	8,500,000	3,400,000
British	6,764,666	7,299,999	535,333
Toronto	6,123,820	8,750,000	2,626,180
Molsons	5,643,863	7,000,000	1,356,137
East'n. T'ps.	3,893,715	5,100,000	1,206,285
Union (Hal.)	2,226,507	2,700,000	473,493
Nationale	1,900,000	3,050,000	1,150,000
Merchants	8,900,000	10,500,000	1,600,000
Provinciale	823,332	1,300,000	476,668
Union (Can.)	3,498,090	5,102,670	1,604,580
Commerce	11,700,000	16,000,000	4,300,000
Royal	6,000,000	10,700,000	4,700,000
Dominion	6,000,000	9,000,000	3,000,000
Hamilton	4,102,060	5,000,000	897,940
Standard	1,925,000	4,173,100	2,248,100
Hochelaga	3,050,000	4,800,000	1,750,000
Ottawa	4,878,273	6,668,600	1,790,327
Imperial	5,643,575	10,000,000	4,356,425
Traders	2,433,174	6,554,500	4,121,326
	$119,281,075	$164,451,494	$45,170,419

Finally the new institutions:

		Dec. 31, 1909.	
Home—	Capital	$1,084,517	
	Rest	333,653	$1,418,170
Northern Crown—	Capital	2,202,691	
	Rest	100,000	2,302,691
Sterling—	Capital	897,360	
	Rest	207,372	1,104,732
United Empire—	Capital	506,500	506,500
Farmers—	Capital	567,357	567,357
			$5,899,450

Perhaps these figures will give some idea as to the particular banks which will be active in increasing capital and rest in the next three years