

GOVERNMENT SAVINGS BANKS.

In the decrease of \$106,274.57 in the balances due to depositors by the Dominion Government and Post-Office Savings Banks is to be seen one result of the branch extension movement by the chartered banks. Since that movement attained its present power, several years ago, the rate of increase in the balances held by the two departments of the Government Savings Banks has been checked. There is no reason to doubt that there has been going on a considerable transfer of accounts from the Government to the chartered banks.

It will be interesting to trace the course of the balances held by the Government since 31st December, 1903. In the case of the Dominion Government Savings Banks the operations of each one of the branch offices can be given, but the Post-Office Savings Bank reports only the aggregate amount held. The figures are taken from the "Canada Gazette":—

Dominion Government Savings Banks.

Branch.	Balance 31 Dec., 03.	Balance 31 Oct., 06.	Inc. or Dec.
Toronto	\$702,767	\$872,740	+\$137,386
Winnipeg	1,010,126	1,240,189	+ 25,693
Victoria	1,220,490	1,240,189	+ 6,943
Acadia Mines, N.S.	24,556	31,499	+ 10,845
Amherst, N.S.	354,351	305,196	+ 139
Arichat, N.S.	185,946	186,085	+ 3,685
Barrington, N.S.	171,797	175,482	+ 13,145
Guysboro, N.S.	111,758	124,903	+ 66,209
Halifax, N.S.	2,425,505	2,491,774	+ 5,665
Kentville, N.S.	256,003	261,668	+ 54,437
Lunenburg, N.S.	335,574	390,011	+ 3,882
Maitland, N.S.	64,458	60,576	+ 11,724
Pictou, N.S.	258,002	269,726	+ 6,934
Port Hood, N.S.	118,525	111,591	+ 31,205
Shelburne, N.S.	147,613	178,818	+ 7,106
Sherbrooke, N.S.	77,050	84,756	+ 8,898
Wallace, N.S.	89,994	98,892	
Weymouth, N.S.	151,254		
Chatham, N.B.	296,443		
Fredericton, N.B.	908,801		
Newcastle, N.B.	307,683	299,213	+ 8,470
St. John, N.B.	5,108,553	5,552,180	+ 443,627
Charlottetown, P.E.I.	1,943,166	2,016,568	+ 73,402
Total, G.S.B.	\$16,360,985	\$14,817,867	
Total, P.O.S.B.	45,022,692	46,997,339	
	\$61,383,677	\$61,815,206	+\$431,529

Among the officers of the Government Savings Banks, only six show increases equal to what the interest accumulation for the three years would amount to, and only two of the six, Acadia Mines and Lunenburg, increased their balances appreciably above the interest accumulation. During the period between 31st December, 1903, and the 31st October, 1906, four offices of the Government Savings Bank were closed, Toronto, Weymouth, Chatham, and Fredericton; and the balances transferred to the Post-Office Savings Banks. Therefore, comparison cannot be made for those offices. It should be noted also that the total balances of the Post-Office Savings Banks are given as at 30th September, 1906. The total deposits, both departments, shown above as \$61,815,206, would be changed by the amount of the fluctuation in the Post-Office Savings Banks total during the month of October. That would not be very important, nor would it appreciably affect the general result.

The net decrease of \$106,274 for the last year has been mentioned. The statement given above shows that in the 34 months ended the 31st October last there has been a net increase of approximately half a million dollars. If the balances had been left undisturbed, and no fresh deposits made during that period, the totals would have shown an increase of about five and a half millions of dollars, merely from the three annual additions of interest that took place. The inference is pretty plain that something like five million dollars have been diverted from the Government Savings Banks to the chartered banks. This is more

reasonable than assuming that the Government depositors have been drawing out and using their balances. If that were so the phenomenon would not likely be confined to the Government banks. Signs of it would also be seen in the accounts of the chartered banks, and probably in the accounts of the two Provinces of Quebec Savings Banks.

But every body knows that the chartered bank deposits have grown rapidly. The deposits of the public, in Canada, payable after notice, which are made up chiefly of savings accounts, increased from \$279,327,788 on 31st December, 1903, to \$390,909,519 on the 31st October, 1906. The total gain was \$111,581,731, or an average of about 3¼ millions per month. The interest accumulation would be less than a million a month. The accounts of the two Quebec Savings Banks show as follows:—

Deposits.	31st Dec., 1903.	31st Oct., 1906.	Increase.
Montreal City and District Savings Banks	\$15,302,061	\$19,694,956	\$4,392,895
N. D. de Quebec, Caisse d' Economie	7,117,887	8,258,066	1,141,079
	\$22,419,948	\$27,953,022	\$5,533,074

It is well known that when a new chartered bank branch is established in a small place, the manager "goes after" the Post-Office depositors as hard as he can. The arguments used to induce a transfer from the Government to the banks are chiefly two. Firstly, there is the greater convenience, as deposits in the Post-Office bank can only be withdrawn by giving notice to Ottawa, while bank deposits can be drawn by merely presenting a cheque. Secondly, there is the agreement to compound the interest half-yearly, or quarterly, instead of yearly, as is done in the Post-Office. To these advantages is sometimes added another—the depositor is asked to support the new bank branch with his business in order that the district may not suffer the dreadful calamity of its closing because of not getting sufficient support.

The probability is that the transfer of balances will tend to increase. Even if it does the mercantile or borrowing community stand to gain by it. For the chartered banks put out their deposits in loans and discounts to business men; the Government invests its depositors' balances in the Government debt. What the banks hold goes to stimulate trade and commerce, and the Government can borrow abroad the funds it needs for Government purposes. Deposits with the Government are safe. So are deposits with the strong banks. The public does not always show a great deal of discrimination between strong and weak banks. When next a bank breaks down in Canada it may be that its depositors will not be so fortunate as were the Ontario Bank depositors.

PLEADING FOR LIGHT.

There are several clauses in the bill respecting joint-stock and other companies, introduced in the House this week, which require companies seeking incorporation to take their shareholders a little more into their confidence.

Mr. Hanna, who is responsible for the bill, has given ample opportunities for criticism. He recently met the Institute of Accountants at Toronto, who will prepare a memorandum embodying their views on the bill. They have also appointed a committee to report to them when the measure is before the committee in the House. The Institute is chiefly interested from the standpoint of the shareholders receiving the greatest possible protection.

It is evident that investors in company stocks are beginning to feel that they are the blind being led by the blind, with the difference that the leaders have one eye open. The man who proposes to invest in company stocks, usually invests in addition, a great

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