greatly last autumn as it had on previous occasions. WE HAVE FREQUENTLY BEEN VERY MUCH NEARER THE TOTAL LIMIT THAN WE WERE LAST AUTUMN.

Mr. Knight:—AS A MATTER OF FACT THE BANKS WERE VERY MUCH NEARER IN 1903. There is nothing to prevent a bank requiring currency from using the surplus currency of another bank.

Sir Richard Cartwright:—But as a rule they do not do it?

Mr. Knight:—One bank with a surplus lends to another. It is quite common.

Sir Richard Cartwright:—Of course, you can do so if you like.

Mr. Burn:—We are continually doing so.

Sir Richard Cartwright:—I do not think you did it last autumn.

Mr. Knight:—THE BANKS DO IT WITH CHARMING REGULARITY.

Mr. Burn:—I would like to disabuse your mind of any impression of that sort, because the banks are continually buying and paying for currency from each other during a period when the crops are being marketed. We are continually doing it ourselves. We are largely interested in the cheese business, our currency runs out and we procure currency from other banks.

Senator Watson:—Can you tell us the reason of the shrinkage in the amount of money available last fall as compared with previous years for the handling of the Western wheat crop?

Mr. Burn:—Was there a shrinkage?

Sen. Watson:—I am satisfied there was. Of course, it was disputed.

Mr. Burn:—I do not think that a comparison of the aggregate loans of the banks will show that. Of course the banks are not divided up with reference to the different provinces in the government return. I know that at either the end of November or December, while the Canadian deposits in the banks had fallen $37,000,000 as compared with the previous year, the loans to borrowers in Canada has increased by $8,000,000.

Sen. Watson:—My information is that about the middle of November the grain dealers of the West did not have more than half the line of credit they had in previous years.

Mr. Knight:—That is wrong.

Mr. Burn:—As I have explained to Sir Richard Cartwright, we are not very extensively in the grain business, and I am not able to speak of individual transactions, but, I ONLY HEARD OF ONE CASE IN WHICH A GRAIN DEALER'S LINE OF CREDIT WAS CUT DOWN.

Mr. Crawford:—The statement was made here that that was one reason for the spread in the price of wheat.

Mr. Burn:—I think the spread in the price is accounted for to some extent by the enormous price at which sterling exchange could only be sold.

Senator Watson:—You have no knowledge that the credit of the grain dealers of the West was curtailed as compared with the previous years?

Mr. Burn:—I heard of one man whose line ol credit had been cut down one half.

Sir Richard Cartwright:—Just go on Mr. Burn.

Mr. Burn:—I would like to emphasize the fact that the banks feel that the dealers are so handicapped by the delays in transportation that they want some assurance when the grain is likely to be sent out before they make advances, and for that reason they desire to press upon those interested, that some amicable arrangement should be arrived at in regard to car distribution in proportion to the quantity to be shipped.

Mr. Fleming:—Take wheat at a dollar a bushel, what would be the difference in the rate of exchange represented under normal conditions? How much per bushel would it represent?

Mr. Burn:—I gave a quotation from an actual occurance that came to my notice.

Mr. Fleming:—Would you state it approximately in cents.

Mr. Burn:—I cannot tell you at the moment. It meant that a man who was selling 60 day exchange would pay interest, as compared with a cable transfer, at the rate of nearly 12 per cent.

Mr. Partridge:—That is per annum?

Mr. Burn:—Yes, to bring the money over to this side.

Mr. Partridge:—That would be 2 per cent on a two months advance? Therefore, 2c a bushel would be the difference it would make in the price of grain in the west if it were dollar grain.

Mr. Turriff:—It would not make that much difference; because that is the total cost, and in an ordinary year it would cost probably half of that.

Mr. Partridge:—I am giving them the benefit of the outside figure. Sir Richard, I would like you to note that point.

Sir Richard Cartwright:—I have noted the matter. I am not altogether ignorant of the difference between 6 per cent and 12 per cent. Now the Secretary of the Grain Growers' Association, as I understand, wanted to make a statement this morning and we are ready to receive it.

Senator Watson:—One of the questions that has been discussed is the spread between the track and the street prices. That is one of the great complaints in the west. I asked Mr. Burn a question in regard to that point which he did not answer and which he is probably not in a position to answer. Last fall, I believe, and I think the western people believe that on account of the condition of the money market there was this spread and that it was due to that fact that a number of elevators were closed up. I would like to ask this gentleman whether, in his estimation that was the cause or not. I know that when Mr. Fielding's announcement was made that the Government was going to come to the relief of the financial situation, wheat went up 6 or 7c per bushel next day. It would be very interesting to hear from this gentleman if he is anxious to answer that question.

Sir Richard Cartwright:—I hope it will not take long, because I agree that our friends of the Grain Growers' Association should have an opportunity of making a further statement.

Mr. Knight:—The only interest the bankers have in this question is to see that the crops are moved with as great expedition as possible. I do not know that any expert knowledge you could get from us would relieve the situation that was so very unusual last fall. No more unusual condition in the monetary sense, has ever prevailed than that with which we were confronted last fall. In regard to the advances made by the Government to relieve the situation, while it was stipulated that they should be made to the amount of $10,000,000 only $5,000,000 of that amount was used, and the sums given to the different banks was taken by them most reluctantly.

Sen. Watson:—Are you aware of the fact that the credit of the grain dealers of the west last fall was only 50 per cent of what it was before?

Mr. Knight:—I AM ABSOLUTELY CERTAIN OF WHAT I DO KNOW, AND I KNOW IT WAS NOT.

Sen. Watson:—Are you aware that the credit given by the banks for the handling of the grain was cut in two?

Mr. Knight:—I know it was not. Give me an individual instance and I will tell you the reason why.

Sen. Watson:—Practically every grain dealer in the Grain Exchange and in Winnipeg assured me that his credit was cut in two and when the assurance came from the Finance Minister that the Government would come to the relief of the situation, the price of wheat went from 70c, at which figure contracts were made when the deal-