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BANKING CAPITAL FROM ENGLAND.

The proposal made by a British financial firm to one of the chartered banks of Canada regarding an increase in capital, revives interesting considerations. The firm in question, in response, they say, to repeated requests by British clients, desire to take one million dollars worth of bank stock, which will be sold in London, and without difficulty, it is added. The matter is at present before the directors of the bank, who inform the Monetary Times that as yet there is nothing to report. When the agitation was commenced two years ago for increased financial facilities for crop movement purposes, a call which came to the Finance Department from the farmers and the grain interests generally, the suggestion was heard that British money should strengthen Canadian banking capital to make more easy the movement of Canada's crop. In 1907, the farmers blamed the grain dealers as to price, both the farmers and dealers blamed the railroad as to car supply, and for the first time in the history of Western Canada, the banks found it difficult, because of the many demands by borrowers to release the money necessary to carry the grain to market. As a result, it will be recollected that a special Act, permitting the banks to issue circulating notes in excess of their paid-up capital to the extent of fifteen per cent. of their combined unimpaired paid-up capital and reserve fund, was passed. This emergency currency was used by several banks during the falls both of 1908 and 1909, as well as in the year of its origin, 1907.

While the experience of 1907 was unique in the Canadian West, such difficulties have accompanied the marketing of grain and cotton in the United States at various times. Mr. Byron E. Walker pointed out, when speaking of this situation in Canada, that the banks

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had been proceeding upon the assumption that the railroads could carry to the point of lake navigation all the grain the farmers chose to market in the few weeks between threshing and the close of lake traffic, and that the banks could not only take care of this, but also find the money for the entire balance of the crop as the farmer chose to sell it during the winter, and await the liquidation of such advances in the late spring or early summer. "We may as well recognize the fact," Mr. Walker added, "that when the crop is materially larger, both of these things will be impossible, even with an ordinary money market. The grain and cotton crops of the United States have been moved largely by European credits in addition to local loans, and this has been a sound system financially, because ultimately sufficient grain or cotton goes forward to Europe to liquidate such credits. Of late years, in the United States, dealers have been able to move the grain crops without much outside assistance, but not the cotton crop, and this is really because the point of consumption for most of the grain is now at home and not in Europe, while a great part of the cotton crop is still sold in Europe. We are a young country, with little accumulated capital relatively to our wants, and, like the United States of twenty or thirty years ago, we must use the credit of Europe to some extent for our grain-carrying, redeeming such obligations as the grain goes forward. The reason why it has been feasible for the United States to borrow quite readily large sums of money against grain in store, is because for the last thirty years or more everything possible has been done at such places as Chicago and Minneapolis to assure the lender that he had grain of a certain grade in the hands of a terminal warehouse, the owner or officers of which could have no object, and, because of weighing and inspecting supervised by the