exhibits several decreases in the same period, although it stands higher to-day than since 1894. In the past ten years, current and call loans have more than doubled and total deposits have almost trebled.

As current loans represent more particularly credit advanced for actual industrial and other development, the following figures give an idea of the expansion in this item alone:—

July	
1869	$ 54,175,679
1879	98,773,675
1889	148,768,283
1899	247,747,500
1909	539,821,041

Credit Curtailment Not an Error.

During the past decade the increase in current loans has been 118 per cent. and in the past forty years 898 per cent. Complaints as to lack of accommodation afforded to the business public by the banks have been heard from time to time. Within recent years, criticism was perhaps most strenuous immediately after the severe panic in the United States in 1907. A notable object lesson was enacted in the neighboring Republic and the bankers of Canada profited by their colleagues' experience. Credit in Canada was sharply curtailed. The check to expansion came so suddenly, many thought that Canadian bankers had acted too severely. An extremely cautious loaning policy was observed and the very best security became necessary to obtain credit extension. The idea that our financial institutions had erred in their judgment prevailed for several months. Later it was realized that an area of depression had set in, and only now perhaps it is being fully recognized that the Canadian banking policy of two years ago is largely responsible for the remarkable rapidity with which normal prosperity has returned. This economic revolution, which usually takes double the time it has occupied in the present instance, has been duly noted by the bankers, who will undoubtedly check any possible wild gallop into loose and perhaps superficial prosperity which can only end in disastrous commercial depression.

Our banks have had large sums to loan, especially within recent years, while the deposits have been expanding greatly. Last year the low money rates prevailing made it difficult to place these amounts at remunerative figures. The result was that only a few of the chartered banks have been able to report in 1909 an increase over the previous year in profits. The banking returns for the past twelve months show that current loans were usually considerably larger in Canada than elsewhere, while call loans were generally greater abroad than in the Dominion.

Excessive Rates in New York Exceptional.

Mr. Alexander Laird, general manager of the Canadian Bank of Commerce, recently stated that the action of any Canadian bank in curtailing its commercial loans in Canada in order to take advantage of the high rates occasionally prevailing in New York would be absurdly improbable. Only now and again, he added, during the past fourteen years have excessive rates for call money in New York prevailed for more than a few days in the year, and no sane banker would think of sacrificing permanent business connections in Canada, of even the smallest kind, for such a temporary advantage. Self-interest will at all times be a sufficiently weighty force to prevent the banks from lending Canadian funds outside of Canada except to the extent that is necessary for the purposes of their cash reserves.

In November 1907, when the foreign loans of Canadian banks were at their low point—$64,774,000—the Canadian banks held deposits elsewhere than in Canada amounting to $54,819,000, so that not more than $10,000,000 of Canadian funds were being lent outside Canada. Moreover, the larger portion of these loans are carried in New York at twenty-four hours' call—practically as readily available as cash. Except at rare intervals, New York call loans bear a much lower rate of interest than Canadian mercantile loans; consequently, the banks only aim to only carry such an amount at call in New York as with the cash carried here, will constitute a reasonable reserve of cash and immediately realizable funds. Had the banks at the date mentioned had no deposits and no loans outside of Canada, only $10,000,000 would have been added to their resources at home, and this would not have been lent for commercial purposes. On the contrary, in order to bring the total reserves up to the normal level not only would it have been necessary to add this sum to the cash reserves carried in Canada, but also to withdraw a further large sum from mercantile loans.

Money Was Actually on Call.

Notwithstanding the severity of the United States panic, Mr. Laird has stated that there was not a day during which Canadian moneys lent to New York brokers on call could not have been got in, and while it is true that if it had been desired to ship money to Canada direct from New York a premium of 3 to 5 per cent. would have fallen to be paid, on the other hand New York funds could at any time have been exchanged for drafts on London, and the gold brought from there. This procedure was followed to a considerable extent by the New York agencies of some Canadian banks.

On the general subject of the moneys lent in the United States, it may properly be argued that reserves are for use in a time of emergency, but on this score it can be shown that the course of the Canadian banks last autumn was not at all open to criticism. In the month of September 1907 the total loans of Canadian banks outside Canada amounted to $88,953,000, while at the end of November, when the stringency was most severe, they had been reduced to $64,774,000—from which it will be seen that the banks had drawn upon their outside reserves to the large amount of $24,000,000 to meet the necessities of the mercantile community in Canada.

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