

indicate it, such as over-trading, speculation, private extravagance, or such over-production in manufacture, and like causes. And in this connection it might be well for banks, when profits are running at unusually high figures, to carry much larger sums to surplus profit account rather than to seek to build up the figures of the rest account; for in times of exceptional loss, it is much more easy to provide for them, if need be, by taking from the surplus fund account than from the rest. For this rest fund should be considered almost in the light of a superadded capital; which, though it does not carry dividends, does undoubtedly add much to the strength and stability of the bank, and also to its earning power. The whole of the rest fund, indeed, is nothing but surplus or undivided profits, save only that portion which has arisen from the issuing of stock at a premium. But it has been thought expedient to divide their surplus profits into two portions, one of which undoubtedly is meant to represent the reserve which is hardly likely at any time to be called upon. It is then obvious that if bad times are in course of being prepared for, the bank should rather refrain from adding too much to the rest, and keep larger sums in the undivided profits account.

The total earning power of the banks in the shape of discounts, call loans, and investments, is now very large indeed in proportion to the capital, the amount for the last month being \$476,000,000, which is seven times the capital. These figures are now approximating far more nearly than they ever did before to those of the banks of England and Scotland, and there are few things that indicate the growth and progress of our country more than this comparison, year by year, between their total capital and their total money-earning power, the latter arising from deposits, circulation and surplus funds. Compare for example the position ten years ago with that at present. It is not possible to make an accurate comparison for the reason that the returns are on a somewhat different system now with regard to money employed abroad. But it is quite evident that the earning power of the banks at that time was not more than four times the capital, whereas now, as we have seen, it is seven times. This in itself, it may be said, is not an absolutely conclusive evidence of solid growth; for loans and discounts may at times be swelled up by large amounts of illegitimate transactions based on those very features just commented on, namely, over-trading, speculation and extravagance. This is especially likely to be the case in prosperous times. But making reasonable allowance for such a possibility as this, there can be no doubt that the earning powers of the banks have been considerably augmented of late years; the only drawback being the lower rates which they have been compelled by competition to accept from their commercial customers. This, however, is a natural consequence of the operation of the law of supply and demand.

We have referred, once or twice, to the steadily increasing influx of Americans to our North-West, and especially to the more distant parts of that immense region. A quiet statement in the annual report of the Hudson's Bay Company to that effect, received less attention than it deserved. It was then stated that amongst their land sales during the past year there

appeared to have been about 15,000 to Americans. These were not the only Americans by any means who purchased land in the North-West last year. A considerable number of sales are taking place in the province of Manitoba itself, and within a comparatively short distance of Winnipeg. In our opinion, and it is merely an opinion, these are only the pioneers of a far larger influx in the future. As to the character and quality of this immigration, it is, as a rule, all that can be desired. Many of those who are coming into the country from the States are Canadians or children of Canadians, who formerly left Canada, and are now returning to their own country. Many others are English or of English descent, and the rest are of the agricultural class of Americans who have been accustomed to the same kind of life that awaits them in the North-West. Of course they will find all the institutions of the country, municipal, political and religious, such as they will very naturally fall in with. All experience shows that Americans settling down in Canada are among the very best of our citizens, and that they become heartily loyal to the British Empire. From a business and financial point of view all these developments are most satisfactory.

And so are the great developments in the coal and steel industries of Nova Scotia. These have already gone far beyond even the dreams of ten years ago, and future developments may transcend even the dreams of the present. But in saying this we do not commit ourselves to an opinion that the present prices of stocks and bonds based on these industries are well founded. It is the way that speculation always takes to anticipate what may take place in the future, and sometimes the future proves to be a good deal further off than speculators imagine.

ABSTRACT OF BANK RETURNS.

31st March, 1901.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,645	22,939	8,095	66,680
Circulation	21,748	18,825	6,037	47,611
Deposits	151,045	139,598	42,572	333,219
Loans, Discounts and Investments	159,658	149,065	49,073	356,157
Cash, Foreign Balances (Net), and Call Loans	66,024	43,554	15,287	124,888
Legals	9,130	7,753	3,292	20,176
Specie	5,097	4,247	2,303	11,649
Call Loans	41,913	20,213	6,434	68,572
Investments	16,243	26,677	8,341	49,618

31st March, 1902.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	36,483	23,628	8,294	68,406
Circulation	24,475	20,615	7,350	52,442
Deposits	172,295	152,805	47,828	372,936
Loans, Discounts and Investments	176,175	164,725	51,504	393,416
Cash, Foreign Balances (Net), and Call Loans	77,511	44,942	19,301	141,766
Legals	8,819	8,637	3,615	21,073
Specie	5,686	4,406	2,166	12,261
Call Loans	51,230	22,799	8,777	82,818
Investments	20,161	27,831	9,675	58,582

Government Savings Banks\$ 57,017

Montreal City and District Savings

Bank 13,500

La Caisse d'Economie, Quebec 6,525

Loan Companies 20,000

Bank Deposits.....—\$ 97,042

\$ 469,978