

only the credit slips are sent to Ottawa. The banks then pay the post-office the interest and the post-office pays the depositors. In effect it amounts to nothing more than the Government guaranteeing bank deposits that have been made through the post-office. Is it any wonder that the rate paid post-office depositors has remained at 3 per cent.—the same as the banks were paying, while the rate on loans has averaged for years between 6½ and 7 per cent.? Few people will be unable to appreciate the injustice of a system that charges an average of seven per cent. for loans and yet allows the same people but three per cent. on their deposits. But a point which shows how completely the banks control the situation lies in the fact that the Government continues to permit these banks to obtain the credits of the people for 3 per cent. while the government pays for loans in England and other places a rate of four and even higher. But the point I desire to explain just here is that the savings of the people in outlying districts go immediately into the banks, whether these savings are deposited directly in the banks or are deposited with the local post-office.

It is announced that Canada is shortly to be visited by a deputation from the United States, which is coming here to study the Canadian system of branch banks. The writer would advise these men, if they want to study the disastrous effects of this unique system of ours, not to confine their visit to the large centres such as Toronto and Montreal, but to get out into the country or visit such places as Kingston, Brockville, Prescott, Belleville, Cornwall, Cobourg and Port Hope with their excellent situation and decaying industries and solve the problem why this should be so on one side of our great lake and river highway while on the other side a condition just the reverse is met with. The writer is quite sure that our branch banking system, coupled with the manner in which this system is administered, will be found to be the underlying cause. These places advancing to their present condition under a system of local banks and branch banks more properly administered had great promise of future development until they began to be sapped of their money, and their rising industries thus crippled found it impossible to compete with the great institutions established in the larger centres by banking interests and with the savings of the whole country behind them.

**The Branch
System and
Decaying
Industries**

What money these large centres do not require is being sent out of the country to New York and other places for stock speculation.

Last year, during the money stringency in the United States when France and Germany were refusing to allow coin or bullion to go out of their country and England was advancing its rate of discount to keep what it had, Canada furnished the one unique exception by shipping her coin and bullion into United States to the relief of business there until the stringency here was felt keener than anywhere else and the situation became so strained that, to avert a national disaster, our Finance Minister had to break the currency laws and permit the banks to further increase an unprotected paper currency which had already risen to the enormous sum of over \$84,000,000.

**Canadian
Savings
Exported**

In the early spring of last year, when the farmers of the writer's old home in the County of Frontenac asked for accommodation, they were told by the manager of a local bank that his instructions were not to make small loans no matter what security was offered. During the same month the foreign call loans of this bank increased by over two and a half millions of dollars. Call money in New York for stock speculation at that time was bringing as high as twenty-five per cent.

**One
Instance**

During the month of June of last year the foreign loans of our banks increased by almost one million and stood at the enormous sum of \$78,687,132 on the first of July. The demand for money in the