

#### **Profits of Canadian Banks—(continued)**

funds 58 per cent. had been paid in by the shareholders in cash, while the remaining 42 per cent. represented small annual reservations from earnings over periods of from 40 to 100 years.

To ascertain the true showing as to earnings in the year quoted the profits must be calculated on the combined capital and reserve funds, as follows:

Capital, paid up in cash .....	\$108,000,000
Reserve, paid up in cash .....	63,022,800
Reserve from earnings, 40-100 years .....	45,637,200
Total shareholders' funds .....	<hr/> \$216,660,000

The aggregate profits for the year were \$15,389,860—including dividends and additions to reserve funds—equivalent to only a fraction more than 7 per cent. on the funds belonging to shareholders. In the whole range of our commercial system the community receives no service of equal efficiency for a smaller return to those whose capital is at stake. For example, contrast the 7 per cent. earned by the banks with the percentage earned by that admirably managed undertaking of the farmers' own—the Saskatchewan Co-operative Elevator Company Limited!

#### **Powers of Country Managers**

Some critics of the banks have made much of the argument that the branch manager has to submit applications for farmers' loans to his head office before granting them. This is one of the greatest of the numerous fallacies regarding the policy and methods of the banks. The general rule among banks having numerous country branches in the West is to clothe their newest managers with power to make loans on their own responsibility up to \$1,000, which limit is largely increased as a manager gains experience. There may be exceptions to this general rule, but they are extremely few and I have no personal knowledge of them. Farmers who need to borrow instantaneously more than \$1,000 are few and far between. Furthermore, the usual practice is to have farmers submit an estimate of their requirements for the farming season and have a line of credit established sufficient for the whole season. There is therefore no good ground for the charge that farmers are inconvenienced by having their applications for credit held up for reference to head office.

#### **Insurance—Fire, Hail, Life**

Practically every farmer admits the necessity for insurance against fire, and yet it happens altogether too often that farmers suffer serious losses thru neglect to take out a fire policy.

There are still many farmers who are unwilling to insure against hail, but as experience has shown that practically no district in the prairie provinces is immune from hail, it is now becoming the practice of banks to stipulate for hail insurance when lending money for grain growing.

Life insurance, however, is rarely carried by farmers, notwithstanding that the welfare of a farmer's family is quite as dependent