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Winnipeg and Minneapolis Bank Resources Compared, 1876-1926

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Aller au sommaire du numéro

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Résumé de l'article

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Résumé/Abstract

En 1926, la population du Manitoba atteint le tiers de celle du Minnesota; cependant, les actifs accumulés dans les banques manitobaines cette année-là représentent seulement le dizième des actifs bancaires du Minnesota. Comment expliquer la forte production de ressources bancaires au Minnesota et à Minneapolis, par rapport à la faible production au Manitoba et à Winnipeg? Une analyse du nombre des succursales au Manitoba et du niveau des compensations à Winnipeg révèle que ces succursales sont tout aussi actives que celles du Minnesota. Cependant, en comparant la croissance des industries à Minneapolis à celle de Winnipeg, il appert que les habitants de Winnipeg n'ont pas, à l'instar des entrepreneurs de Minneapolis, développé un secteur manufacturier destiné à l'exportation, ni par conséquent les sièges sociaux, ni les services de transport nécessaires pour susciter une accumulation endogène de capitaux. Les succursales de Winnipeg sont le produit d'un système bancaire importé de Montréal et Toronto qui, en même temps qu'il procure des fonds aux Manitobains, sert également les intérêts des directeurs et des actionnaires du Canada central et par conséquent continue d'intégrer les ressources commerciales de Winnipeg à l'intérieur du réseau urbain central. Par contraste, les entrepreneurs de Minneapolis établissent des banques qui produisent leurs propres capitaux et leurs propres pratiques bancaires. Cela signifie que les propriétaires des banques de Minneapolis sont déterminés à façonner les investissements et la croissance de leur région métropolitaine. Tandis qu'à Winnipeg, les succursales sont au service des propriétaires montréalais et torontois qui sont déterminés à encastrer fermement les entreprises de Winnipeg à l'intérieur du système central canadien.

By 1926 Manitoba had a population one-third that of Minnesota, and yet the bank resources it accumulated to that year represented only one-tenth that of Minnesota banks. What can explain the much higher generation of banking resources in Minnesota and Minneapolis as compared with a much lower generation of resources in Manitoba and Winnipeg? A study of the number of branches in Manitoba and the level of cheque clearances in Winnipeg reveal that these branches were as vigorous as the number of unit banks and cheque clearances in Minnesota. However, by comparing the growth of Minneapolis industries with those in Winnipeg, it becomes apparent that Winnipeggers did not, as Minneapolis entrepreneurs did, develop the specialized manufacturing for export, the consequent company head offices, and the transportation services necessary to generate endogenous capital resources. Rather Winnipeg branches were the result of a banking system transported from Montreal and Toronto which, at the same time, it supplied financial resources for Manitobans, also served the goals of its Central Canadian directors and shareholders, and therefore, proceeded to integrate Winnipeg commercial resources into this central urban network. The Minneapolis industrial entrepreneurs, by contrast, established banks which generated their own financial resources and banking procedures. This meant that the Minneapolis bank owners were determined to shape the investment and growth of their metropolitan region. In Winnipeg, however, the branches served their Montreal and Toronto owners who were determined to encase Winnipeg businesses firmly within that Central Canadian urban system.

The Canadian banking system has been the subject of numerous histories such as those of Adam Shortt, H.W.P. Ekhardt, R.M. Breckenridge, B.H. Beckhart, and E.B. Walker. More recent exponents of this traditionalist view include Joseph Schull, Merrill Denison, Victor Ross and A. Trigge, and C.H. Ince. Challenging the tranquility of this interpretation, in 1975 Tom Naylor published *The History*

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of Canadian Business, 1867-1914: Volume One: The Banks and Finance Capital.[1] By contrasting the branch system with the American unit system, Naylor demonstrated that capital in Canada was used to overfinance commerce, and therefore underfinancing the manufacturing sector. Michael Bliss and Ian Drummond sharply questioned the breath-taking hypothesis of the Naylor thesis, but a new analysis of the Canadian banking system based upon precise critical studies on particular banking themes is clearly needed. Regional bank histories are beginning to emerge such as those by Ronald Rudin writing on banking in Quebec and by James D. Frost on banking in the Maritimes.[2]

This study will examine the Canadian banking system in Manitoba in relation to the American banking system in Minnesota to discover how the different bank systems of the North American prairies served their respective regional needs; whether they promoted industrial growth; and, how they influenced their urban systems. Winnipeg branches of Central Canadian banks provided a transplanted banking system which through uniform procedures served Manitobans and quickly integrated Winnipeg businesses into the Central Canadian urban system. By contrast, Minneapolis industrialists formed their own Minnesota banks which were successful in assembling regional financial resources and making these resources available to regional industry. The Gras model for urban development will be considered first in terms of the differing economic histories of Winnipeg and Minneapolis.[3] The study will then be narrowed to compare the number of units in, the bank clearances of, the bank directors for, and the resources generated by the separate banking systems of these two regional metropoles.

Unlike Minneapolis, Winnipeg did not adhere to the four steps of the Gras model for a maturing metropolitan centre. Entrepreneurs in Winnipeg proceeded through the market phase by establishing wholesale houses such as Stobart Sons, Hodgson Sumner, and R.J. Whitla in the 1880s, implement houses such as F.A. Fairchild, H.S. Wesbrook, A. Harris and Son in the 1880s, and the Board of Trade in 1879 and the Grain and Produce Exchange in 1887.[4] They laid railways into the countryside to collect grain in the 1890s and built grain elevators which reached a capacity of 21 million bushels by 1900.[5]

Winnipeg omitted, however, to pass into the second phase of specialized industrial development for export in that, while industries sprang up to produce goods for local consumption, endogenous specialized manufacturing did not take root (Table 1).

Manufacturing in textiles and services expanded, but overall, manufacturing provided less than 20 per cent of Winnipeg jobs in 1911. This percentage continued to decline through the next decades of the twentieth century. Winnipeg manufacturing, therefore, while providing some of the local consumer needs, failed to produce specialized products for export. Instead, Winnipeg service industries began to expand after 1910 to become the dominant mode of employment.[6] Thus capital earned from commerce was spent to purchase manufactures from exogenous sources, thus preventing economic growth for Winnipeg which a specialized industry could have provided.

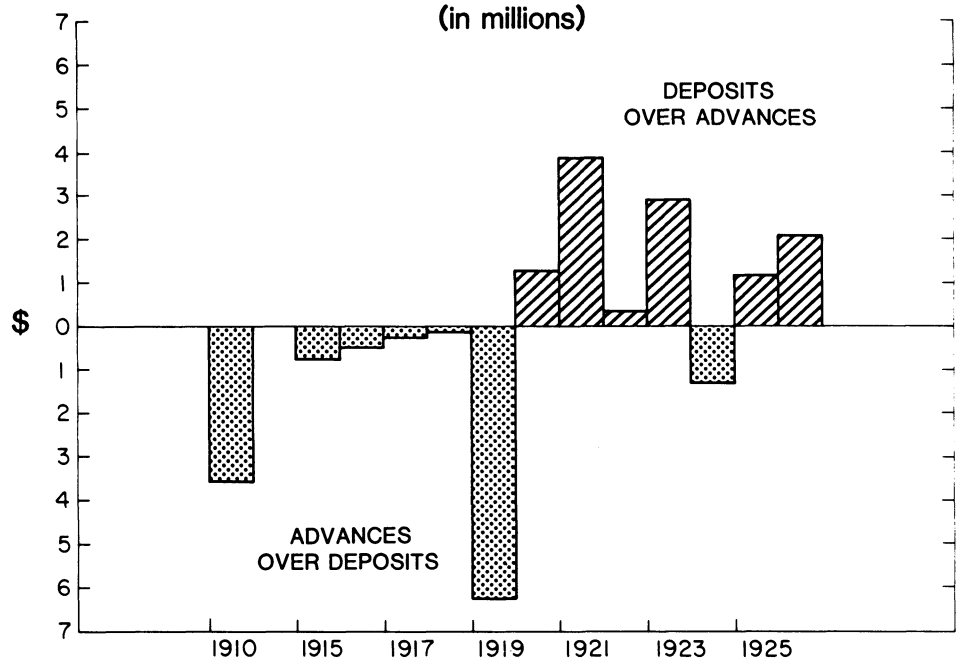
TABLE I

The Shifting Structure of Industries in Winnipeg by Number and Percentage of Employees

	1911		1921		1931	
Industry	**Number**	**Per Cent**	**Number**	**Per Cent**	**Number**	**Per Cent**
Agriculture	622	1.0%	1,115	1.5%	2,035	2.1%
Logging, Fishing, Trapping	70	.1%	82	.1%	152	.1%
Mining, Quarrying	169	.1%	81	.1%	238	.1%
Manufactures	11,955	18.9%	12,517	16.9%	13,618	13.9%
Construction	10,715	16.9%	5,441	7.3%	7,019	7.2%
Transportation	8,527	13.5%	11,720	15.8%	9,489	9.7%
Trade	15,537	24.6%	16,158	21.8%	12,736	13.0%
Finance	—		4,466	6.0%	1,745	1.8%
Service	15,675	24.9%	18,813	25.5%	38,834	30.7%
Unspecified Industries			3,674	5.0%	11,979	12.3%
TOTALS	63,265	100.0%	74,067	100.0%	97,845	100.0%

SOURCE: Canada. *Census of Canada*, 1911, Vol. 6, Table 6; 1921, Vol. 4, Table 5; 1931, Vol. 7, Table 41.

Fig. 1.
Resources of selected Manitoba Branches : Deposits vs Advances
(in millions)



Winnipeg moved rather, not into the second phase of specialized industry, but toward the third and fourth phases of urban growth, namely transportation and financial services. Winnipeg railroad service began in 1878 with a line to the border at Emerson, connecting further with the Minnesota railroads to Minneapolis, St. Paul, and Duluth. Other lines radiated out from Winnipeg to Gretna, Morden, Carman, Gladstone, Stonewall, Selkirk, St. Anne, and with these, the main east-west routes to Central Canada and the Pacific coast were completed by 1885. At the turn of the century these lines were intensified when the Grand Trunk Pacific, the Canadian Northern, and the Northern Pacific added lines to Swan River, Lake Winnipegosis, Gypsumville, Marchand, another to the Lakehead, Souris, Rivers, and Minnedosa.[7] "By 1911, twenty-four railway lines radiated out from Winnipeg, conferring upon the city a commanding position in Prairie trade, both in terms of receiving the products of the West for shipment east and of distributing throughout the West merchandise originating in Eastern Canada or Europe."[8] Despite the apparent prosperity of the trackage centred in Winnipeg, yet neither ownership nor revenues resided there. Rather these railroads carried transportation revenues not into but out of Winnipeg to the head offices in Eastern cities.

Following upon the strengthening of these intercity links to points outside of Winnipeg was the initiation within the city of street railways and telephones to speed up communication. Winnipeg businessmen, responding to this growing transportation network, specialized their endeavours as raw producers, elevator operators, graders, transporters, brokers, and millers, and thus, became the commercial engines driving the Winnipeg economy.[9] "The Winnipeg businessmen needed railways for his very lifeblood. . . . For . . . there was no doubt that Winnipeg, without railways, would not be a city at all."[10]

The financial system emerged as the sequel to the structured commercial market and its radial railway linkages with the prairie hinterland and with the industrial metropolises in Central Canada. The banking system consolidated in Winnipeg resources collected from the rural branches and made them available for profitable investment in the grain exchange and in business expansion. Manitoba branches collected deposits at 3 and 3½ per cent which were then funnelled through the Winnipeg economy at 5 to 10 per cent.[11] The Canadian banks in Manitoba concentrated low-cost deposits from the rural branches to the main branches in Winnipeg to be then radiated back for higher rates of return to province farms, to Winnipeg businesses, and to the grain exchange. Manitoba deposits were supplemented by additional investment money from Central Canada and London (Figure 1). Until 1920 Canadian banks brought in short-term capital for Manitobans at a relatively high rate of interest. Bank profits were divided among their shareholders, who resided principally in the East. It should be noted that only after 1920 was the Manitoba branch system centred in Winnipeg able to supply its own advances from regional deposits. Insurance companies and trust companies of Winnipeg performed a similar function to the banks, structuring a financial system that attracted and disbursed capital funds.[12]

Minneapolis, fifteen years before Winnipeg, was able to meet its own investment needs and to generate extensive capital resources. While meeting its own capital needs by 1920, Winnipeg generated only about one-tenth of the Minneapolis resources, and therefore, never reached the degree of financial maturity of Minneapolis when it became the financial metropolis for a four-state hinterland.[13] By the nature of the branch system, national railroads, Central Canadian industries, and by reason of a less-densely populated hinterland, Winnipeg never became financially independent of central Canadian cities.

Minneapolis, by contrast, proceeded through the four stages of the Gras model. From St. Anthony Falls on the Mississippi River, it became a market place for trade going north to Red River, west to the Dakotas, east to Northern Wisconsin, and south to the fertile reaches of the state. Timber and grain from the hinterlands were exchanged in Minneapolis for farm tools, woollen goods, hardware, coal, and luxuries. Lumber and flour mills sprung up. The millers in the 1860s organized a pool to buy grain which later became the basis for the Minneapolis Millers Association formed in 1886. The wholesale houses of Anthony Kelly, George R. Newell, Janney-Semple-Hill, and Wyman, Partridge were well established in Minneapolis by the 1870s.[14]

The mills which were first built at St. Anthony Falls at the half-century mark transformed the natural products of Minnesota into the manufactured goods of lumber, wood products, flour, and metal goods. The addition of larger flour mills and the new technology of iron rollers in the 1870s produced a surplus product for export in the 1880s. The lumber industry had developed first, and then, provided the skills and capital for construction of almost two dozen commercial flour mills.[15] Associated industries grew up, such as, "the manufacturing of water wheels, milling equipment, and flour barrels."[16] Moline Implement Company was established in 1870 and was soon followed by Minneapolis Threshing Machine Company, and Minneapolis Steel and Machine Company, making Minneapolis a leading centre for farm implement production and machine industry.[17] Jute paper bags made in Minneapolis replaced barrels for flour packaging, and Quaker Oats, Fruen Cereal, and Cream of Wheat in the 1890s added the manufacture of breakfast foods to the specialized industries of Minneapolis.[18] Manufacturing provided more than one-third of the jobs in Minneapolis, or more than twice the percentage of jobs offered by Winnipeg manufacturing.[19]

Manufacturing demanded regular transportation services, and from 1847 to 1867, a packet service by steamboat provided service through St. Paul to St. Louis, and from St. Louis to the East and South. The needs of the rapidly expanding flour industry, however, demanded the extension of the railroads towards all points of the compass to make Minneapolis the hub for rail lines. They reached out first in 1867 to Milwaukee, Chicago, and the east, in 1870 to Duluth, Lake Superior, and Montreal, in 1878 to Emerson and Winnipeg, and in 1883 to the Pacific. Millers, such as W.D. Washburn and C.A. Pillsbury carried out the construction of the Soo Line through Sault Ste. Marie to Montreal and Boston to obviate the high rates of Chicago route, and the construction of the Minneapolis and St. Louis Railroad to divert wheat headed for Milwaukee and Chicago to Minneapolis mills. Yet the mills also needed the steel rails of the Great Northern, the Northern Pacific, and Milwaukee roads

TABLE 2

The Shifting Structure of Industries in Minneapolis by Number and Percentage of Employees

	1900		1910		1920		1930	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
1. Agriculture	1,564	1.8%	2,246	1.6%	2,482	1.4%	2,219	1.0%
2. Professional Services	5,810	6.8%	8,648	6.0%	13,203	7.6%	19,135	9.0%
3. Domestic & Personal Services	21,499	25.0%	19,423	13.5%	18,113	10.4%	27,045	12.8%
4. Trade & Transportation	27,785	32.3%	42,461	29.6%	50,577	29.0%	61,671	29.1%
5. Manufacturing & Mechanical	29,231	34.0%	53,250	37.1%	60,235	34.6%	63,648	30.0%
6. Public Service & Clerical Occupation	—	—	17,454	12.2%	29,680	17.0%	38,210	18.0%
7. TOTAL	85,889	100.0%	143,482	100.0%	174,289	100.0%	211,928	100.0%

SOURCE: *United States Census 1900: Special Reports: Occupations* (Wash: GPO, 1904), Table 43, pp. 614-16; *Census 1910: Population and Occupation Statistics* (Washington: GPO, 1914), IV, Table III, pp. 167-79; *Census: Population and Occupations, 1920* (Wash.: GPO, 1923), IV, Table 19, pp. 168-85; *Census 1930: Occupation Statistics: Minnesota* (Washington: GPO, 1932), Table 12, pp. 22-25.

to haul grain to their elevators and mills, and then, to conduct this heavy bulk to New York and Montreal at competitive freight rates through St. Louis and New Orleans, through Milwaukee and Chicago, or through Duluth and the Great Lakes. Minneapolis made itself the transportation centre between Chicago and Seattle, Kansas City and Duluth, St. Louis and Winnipeg.[20]

Having intensified its economic infrastructure by organizing wholesale and retail markets, by fabricating mills and associated industries, by connecting the hinterlands with Minneapolis and Minneapolis with other urban centres, city entrepreneurs next created a financial system to provide for deposits and loans and for the discount of commercial paper. The explosive growth of Minneapolis and the Upper Midwest demanded short-term and long-term loans to capitalize on the purchase of grain, the construction of mills and elevators, the extension of railroads, the building of homes and farms throughout this hinterland. The millers were instrumental in organizing in 1864 the First National, in 1872 the Northwestern National, and shortly after, the Hennepin Savings, and the Farmers and Mechanics Savings Bank.[21] By the end of the century some of these firms had oiened up "a whole line of banks somewhat resembling a line of grain elevators, one in every important town."[22] Although separately incorporated as independent units, these chains were managed from Minneapolis head offices. After 1905 regional resources were adequate to supply the needs of Minnesota farmers and businessmen which signalled the maturation of Minneapolis as a regional financial centre. Winnipeg, by comparison, while providing the variety of financial services was slower to supply its own needs and never generated as many deposits.

Why did Winnipeg continue to rely on outside funds long after Minneapolis was supplying its own investment capital? And after 1920 why did Winnipeg not generate resources commensurate with its population and its extensive three-provincial hinterland. Why did Winnipeg not financially dominate its hinterland as did Minneapolis?

The population and bank growth cycles of Manitoba and Minnesota were remarkably similar, whereas the corresponding growth cycles of Winnipeg and Minneapolis were remarkably different. Minnesota's population grew earlier and more rapidly than did Manitoba's, and the number of Minnesota banks increased earlier and in greater number than did Manitoba's. Nevertheless, the low-density population growth of Manitoba, ultimately occupying space geographically almost three times that of Minnesota,[23] caused an increase in the number of branch banks proportional to that of Minnesota. Minnesota's most spectacular population growth occurred during the last two decades of the nineteenth century with an average increase of almost a half million persons per decade, or a 73 per cent average decadal increase. The capital and skills carried in by immigrants, and the capital created through agriculture and industry, increased the number of Minnesota unit banks from 308 in 1890 to 530 in 1900. The population increase eased during the first two decades of the twentieth century to an

Fig. 2. Number of Minnesota banks and Manitoba branches

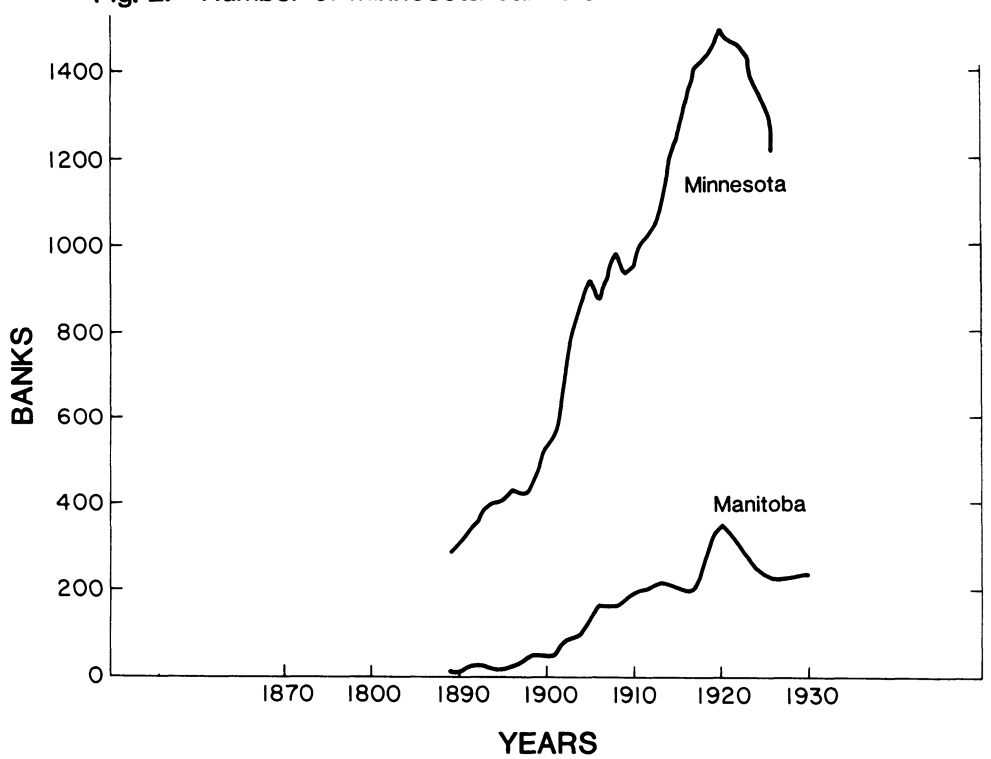
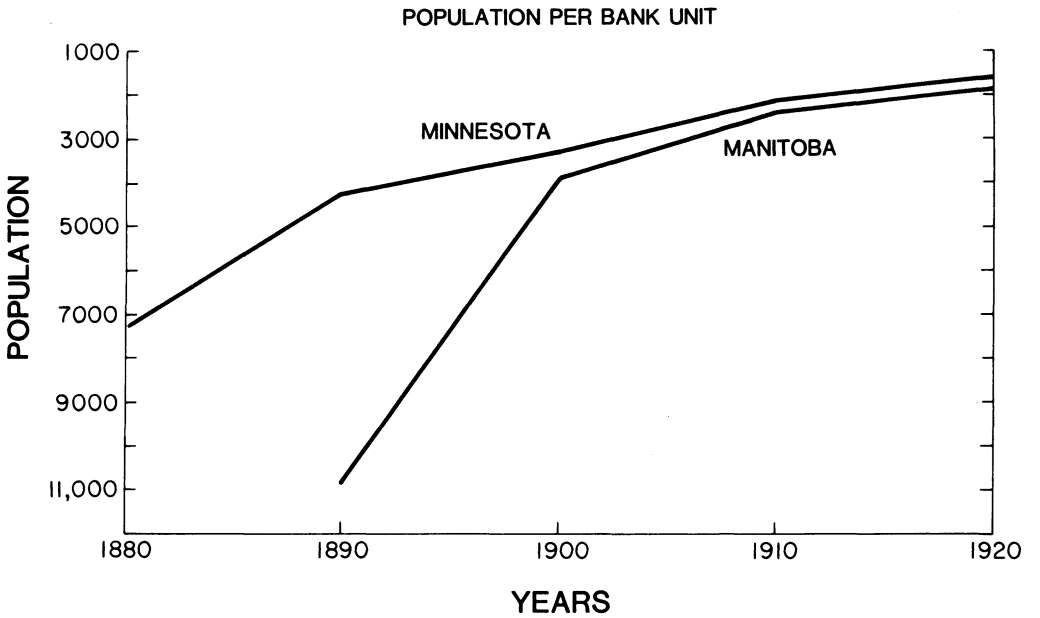


Fig. 3. Bank Unit increase per capita



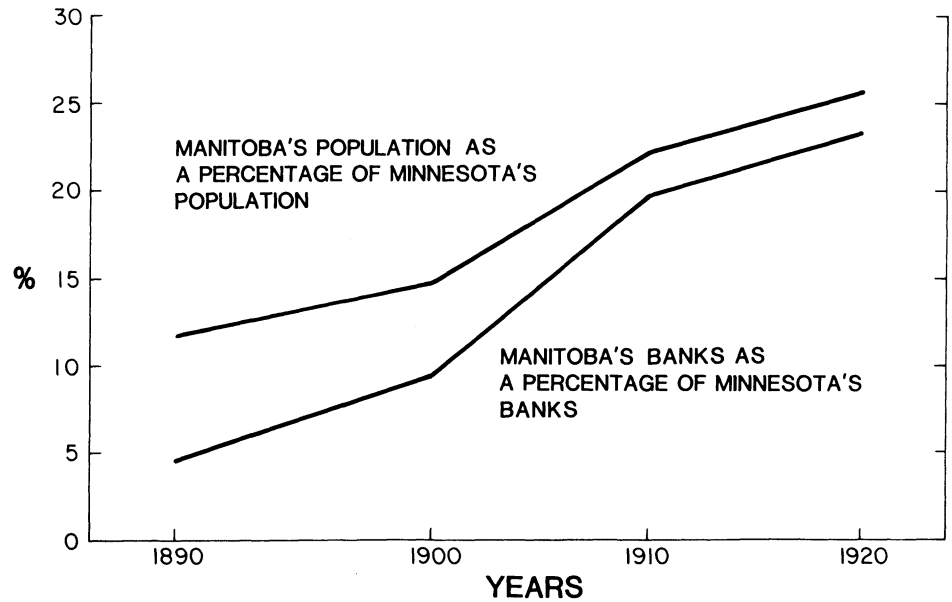
average increase of 318,000 persons per decade. But in contrast to the population growth and in reaction to a relaxation of federal banking standards,[24] bank openings intensified by more than twice during these two decades in that 966 units were added to the number of Minnesota banks for a total of 1,496 in 1920 (Figure 2). The number of Minnesota banks increased to keep pace with the population growth, enlarging the number of bank units per citizen from one unit for 7,034 citizens in 1880, to one unit for 3,305 citizens in 1900, and to one unit for 1,596 citizens in 1920 (Figure 3). Thus banking services became readily available to Minnesotans in communities of 200 citizens or more to the point where smaller banks found themselves in uncompetitive positions. A decline in Minnesota's economy by 1926 closed two hundred and eight-two banks which were over-extended, badly managed, and unable to collect outstanding loans.[25]

Manitoba's population, growing modestly in the last two decades of the nineteenth century, almost doubled in the first decade of the twentieth century to reach 461,394 persons by 1911 and continued this high growth rate during the next decade to be counted in the 1921 census with a population of 610,118. By 1930 Manitoba's population density per square mile reached 2.84 persons in comparison with 30.50 persons per square mile in Minnesota. The Canadian banks responded to the population increase during the last decade of the nineteenth century by extending the number of Manitoba branches from 14 to 50, and by 1910 to 188, and by 1920 to 349 (Figure 2). Branches per person in Manitoba were increased, often at the "insistance of the governments and the people of the West" testified Sir John Aird, from one branch for 10,893 persons in 1891, to one branch for 4,908 persons in 1901, to one branch for 2,378 persons in 1911, and to one branch for 1,854 persons in 1921 (Figure 3). Thus urban banking services, in a fashion similar to Minnesota, were made available throughout the province and were considered to be "evidence of the superior banking facilities enjoyed by the Canadian public."[26] It is interesting to note that as branches in Manitoba were rapidly extended to population centres throughout the province, the number of Canadian banks with head offices in Ontario and Quebec was being reduced through merger and failure to less than one-third of their number, or from 36 in 1906 to 11 in 1926.[27]

Both banking systems shared a similar cycle of simultaneous growth and consolidation. During the last decades of the nineteenth century they shared a period of moderate growth. This moderate growth provided a solid base of capital and skills for a twenty year period of highly accelerated growth during the first two decades of the twentieth century. It might be noted that the greatest decades of Minnesota's population growth and economic expansion preceded the accelerated growth of its banking system whereas Manitoba's greatest decades of population growth coincided with the accelerated growth of its banking system. The Minnesota banking system was endogenous, and therefore slower to develop, as its capital and skills had to grow from within its own lumber, flour, and transportation businesses.[28] The Manitoba branch banking system, by contrast, was exogenous, in that when the staple industries of agriculture and commerce needed investment capital, a branch banking system was immediately superimposed from Ontario and Quebec to market at profitable rates Central Canadian investment funds to Manitobans.

It is interesting to note further that the number of Manitoba branches in relation to the number of Minnesota unit banks increased in a similar pattern as Manitoba's population in relation to Minnesota's population increased (Figure

Fig. 4. Comparison of population and banks of Minnesota and Manitoba



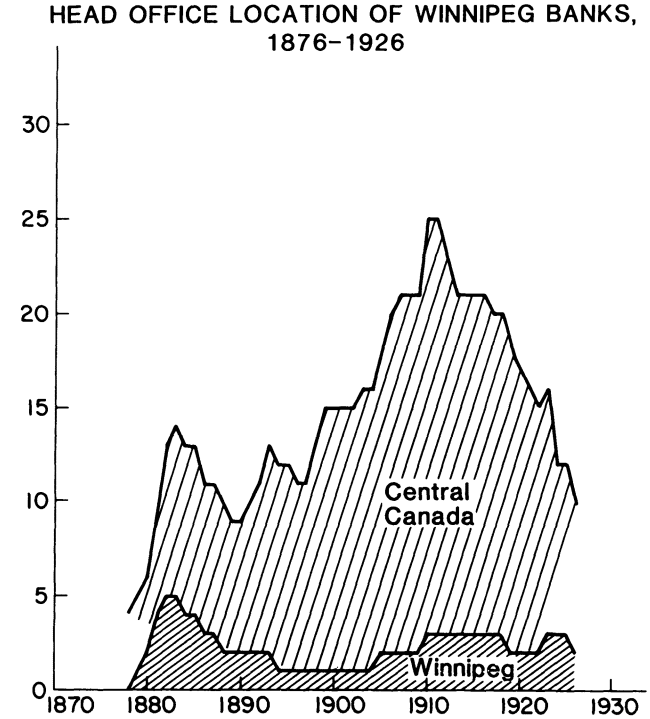
4). It can be clearly seen that the number of unit banks in Minnesota, or the number of branches in Manitoba, was made proportional to the population increase or decrease in each jurisdiction. The Canadian bankers in Ontario and Quebec, and the unit bankers in Minnesota showed themselves equally concerned to be in tune with the rate of the population increases and with the consequent business opportunities within their separate financial jurisdictions.

In contrast to the parallel expansion in Manitoba and in Minnesota, Winnipeg and Minneapolis banks and population developed in entirely different cycles. Winnipeg's population growth began about twenty years later than Minneapolis, but by the twentieth century, however, Winnipeg's urbanization in relation to that of Manitoba represented twice that of Minneapolis in relation to Minnesota. By the speed of urbanization Winnipeg was proportionally a more towering urban centre to Manitoba and to its hinterland than was Minneapolis to Minnesota and its hinterland.

Minneapolis unit banks by 1882 had a well-established base and were ready to expand their number of units by three and a half times, increasing from 10 banks in that year to 35 in 1893. Winnipeg had just established four branch banks and one locally-owned bank in 1879, numbers which increased rapidly in the next four years to 9 branches and to 5 locally-owned banks. This period, before the completion of the Canadian Pacific Railroad and before the consequent easy access to Central Canada, was the heyday of Winnipeg entrepreneurs and local banking establishments.[29] The number of Winnipeg banks in 1882 and 1883 even temporarily surpassed the number of those established in Minneapolis. However, during the land recession after 1883, this rapid expansion wilted and Winnipeg banks discovered that they were overextended, and thus, reduced locally-owned units in 1890 to two and branch banks to seven.

Winnipeg branches in the early 1890s prepared cautiously for the future acceleration of the Canadian economy in the early decades of the twentieth century. Thus from 1890 to 1910 the number of Central Canadian banks in Winnipeg tripled from 7 to 22 and the number of locally-owned banks increased slightly from 2 to 3 (Figure 5).

Fig. 5.
HEAD OFFICE LOCATION OF WINNIPEG BANKS, 1876–1926



Nationally-chartered banks and the branch system became the norm in Manitoba during this period as the few remaining private banks failed or were gradually absorbed by charter banks. As the number of Winnipeg branches increased accordingly, the number of Minneapolis units concentrated their number from 35 in 1893 to 21 in 1909. The prospering Minneapolis firms needed fewer private savings and loan banks and a greater number of large national and state banks. The consolidations which took place provided larger pools of local capital for rapidly growing corporations to draw from. The consolidations completed, the 21 Minneapolis units in 1909 expanded their number to 58 by 1923, an expansion rate over fourteen years of almost 200 per cent. The banks moved into the new expanding suburbs, made possible by street railways and automobile transport. As Minneapolis units expanded, the number of Canadian banks in the Dominion concentrated in the fifteen years following 1910, and in Winnipeg, this concentration of banks ironically meant the expansion of the number of branches. Thus the number of Central Canadian banks in Winnipeg was reduced from 22 in 1910 to 9 in 1925, the number of locally-owned banks remained constant at 3 (Figure 5), but the number of branches in Winnipeg over the same period increased from 45 to 73. The greater number of Winnipeg bank units during this period in comparison with those of Minneapolis reveals the importance of Winnipeg as a Western banking centre.

A further point that must be made in this comparison is that Winnipeg banks were principally Canadian branches owned by Quebec and Ontario interests. A few locally-owned Winnipeg banks existed, hold-overs from the entrepreneurial spirit of the pre-railway years such as Alloway and Champion. Several chartered banks for a short time also had head offices in Winnipeg, such as the Union Bank of Canada and the Northern Crown Bank. Yet the principal decisions on the expansion or contraction of the centrally-owned, chartered branches were not made locally, but were made at the board of directors meetings in Ontario and Quebec. The 24 Winnipeggers on Central Canadian boards of directors during the first quarter of the century were a weak minority at these board meetings.

Minneapolis banks, in contrast, were by state legislation locally owned, and decisions about expansion and loans were made on the local level. The principal directors of the Minneapolis banks were Minneapolis industrialists, and the flour, lumber, and railroad men among them dominated these boards with 57 per cent of the directorships. Profits when divided remained with Minneapolis investors.

Winnipeg had relatively few directors on the boards of Canadian banks, whose boards were in fact dominated by directors from more important Ontario-Quebec firms. Seventy-seven per cent of the 54 Winnipeg directors on the boards of Ontario, Quebec, and Manitoba banks were selected from the Canadian financial and commercial elites with few roots in Winnipeg, and only 17 per cent were selected from among Winnipeg manufacturers.

TABLE 3

Winnipeg Directors of Canadian Banks, 1900-1926

Quebec Banks		Frequency	Per Cent
Royal		7	
Montreal		1	
	Subtotal	8	14.8%
Ontario Banks			
Commerce		6	
Home		3	
Dominion		2	
Hamilton		2	
Imperial		1	
Ottawa		1	
Sterling		1	
	Subtotal	16	29.6%
Manitoba Banks			
Northern Crown		11	
Alloway & Champion		10	
Union		9	
	Subtotal	30	55.6%
	Total	54	100.0%

SOURCE: List compiled from the annual reports of the various banks; Henderson's *Winnipeg City Directory*; Victor Ross, *A History of the Canadian Bank of Commerce* (Toronto: Oxford University Press, 1920-1922), 2 vols. and A. St. L. Trigge, *A History of the Bank of Commerce, 1919-1930* (Toronto: Canadian Bank of Commerce, 1934); and Merrill Denison, *Canada's First Bank: A History of the Bank of Montreal* (Toronto: McClelland and Stewart, 1966-67), 2 vols. Information on the Winnipeg directors and their occupations was gleaned from *Who's Who in Canada* (Toronto: International Press); *Manitoba: Pictorial and Biographical* (Winnipeg: S.J. Clark, 1913), 2 vols; *Newspaper Reference Book of Canada* (Toronto: Press Publishing Company, 1903); and The Biographical File, Provincial Archives of Manitoba.

Even then Winnipeg directors were selected much less for their ability to influence the financial strategy of the bank head office than for their ability to bring Manitoba business to that bank. Profits divided by Canadian banks remained principally with their investors in Ontario and Quebec, and little trickled back to the few Winnipeg investors.

Bank clearances are another way to compare the development of Winnipeg and Minneapolis banking. There was a remarkable congruence between clearances in the two cities, and the results emphasize Winnipeg's financial importance.

TABLE 4

Occupations of Prominent Minneapolis Bank Directors 1876-1926

Occupation	Frequency	Per cent
1. Mill Owners (Flour, Wool, Paper, Beer)	29	25.5%
2. Lumbermen	20	17.9%
3. Railwaymen	15	13.4%
4. Bankers	11	9.8%
5. Merchants	10	8.9%
6. Lawyers	10	8.9%
7. Grain Merchants	7	6.2%
8. Fuel Suppliers	4	3.6%
9. Machinery Manufacturers	3	2.7%
10. Real Estate Investors	3	2.7%
	112	100.0%

SOURCE: List of directors was selected from Minnesota Department of Banking: *Annual Reports* (Minneapolis, Minnesota); *Polk's Bankers Encyclopedia* (New York, 1895-); and *Rand-McNally Bankers Directory and Bankers Register* (Chicago: Rand, McNally and Company, 1883-). Information on the Minneapolis directors and their occupations was found in volumes about Minneapolis at the Minneapolis Public Library and the Minnesota Historical Society in St. Paul: Marion E. Cross, *Pioneer Harvest: The Story of Minneapolis and the Farmers and Mechanics Savings Bank* (Minneapolis: the Bank, 1949); *A Biographical History of the Prominent Men of the Great West* (Chicago: Manhattan Publishing Company, 1894); *Compendium of History and Biography of Minneapolis and Hennepin County, Minnesota*, Comp. by Return I. Holcombe and William Bingham (Chicago: Henry Taylor, 1914); *Minneapolis Illustrated* (Minneapolis Board of Trade, 1889); *Minneapolis Illustrated* (Minneapolis Board of Trade, 1889); *Minnesota Biographies, 1655-1912: Collections of the Minnesota Historical Society*, Vol. 14, comp. by Warren Upham and Rose B. Dunlap (St. Paul: Minnesota Historical Society, 1912).

TABLE 5

Occupations of Winnipeg Directors of Canadian Banks 1900-1926

Occupations	Frequency	Per Cent
Financiers	11	20%
Wholesalers	11	20%
Bankers	7	13%
Barristers	7	13%
Grain Dealers	6	11%
General Manufacturers	5	9%
Food Producers	4	8%
Politicians	2	4%
Undetermined	1	2%
	54	100%

Moderate financial growth for both cities can be seen between 1894 and 1910 in the number of clearances recorded. An intense increase of clearances in both cities followed from 1911 to 1925 (Figure 6). During the early period of moderate growth, Winnipeg clearances lingered behind those of Minneapolis, but during the later period of intense growth, Winnipeg clearances exceeded those of Minneapolis some thirty per cent of the time. From 1910 to 1920 Winnipeg clearances surpassed those of Minneapolis during 60 per cent of the time. Thus do bank clearances confirm what the number of bank units have already indicated that Winnipeg banking entered into a period of activity during the second decade of this century approximate to that of Minneapolis, and that in proportion to its hinterland, Winnipeg exercised greater financial importance in its own jurisdiction that Minneapolis did.

When attention is directed, however, from bank clearances to comparative resources, the resources of the Winnipeg branches, as compared with those found in Minneapolis, were not commensurate with the extent of their bank clearances. The question must be raised why the number of Winnipeg and Minneapolis bank units and bank clearances indicate that Winnipeg branches from 1905 to 1925 did a volume of business comparable with that of Minneapolis, and yet while meeting these needs failed to generate an adequate proportion of resources.

Total resources then are a fourth way to compare the financial strengths of the Manitoba and Minnesota banks. The resources of Minnesota banks and of Manitoba branch banks follow a similar pattern of rise and moderate decline. From 1895 to 1920 Minnesota banks went through a more dramatic increase in business than Manitoba branches. Along with the increase in the number of Minnesota banks, total bank resources from 1908 to 1926 more than tripled from $318,583,950 to $1,152,941,000 (Figure 7). In a similar period from 1910 to 1926 the estimated resources of Manitoba branches more than doubled from $50,425,756 to $117,513,530.[30] Despite the rapid expansion of Manitoba business in this last period, Minnesota financial resources working from a larger capital base, grew much faster by the 1920s than did those in Manitoba.

Minnesota banks, however, served a population in 1900 of 1,751,394 citizens, in 1910 of 2,075,708, and in 1920 of 2,387,123. While growing rapidly, Manitoba mustered through these same years a population of 255,211 persons in 1901, 461,394 in 1911, and 610,118 in 1921. Visible assets abounded at Minneapolis manufacturing plants, head offices, railroads, and city banks. In 1926 two large banking groups, the First National Bank of Minneapolis and the Northwestern National Bank, were in the process of formation and, along with four medium size banks and many small banks, supplied capital for a densely populated hinterland. Minneapolis head offices, such as Pillsbury, Washburn, General

Fig. 6. Bank clearances (in billions) : Minneapolis and Winnipeg

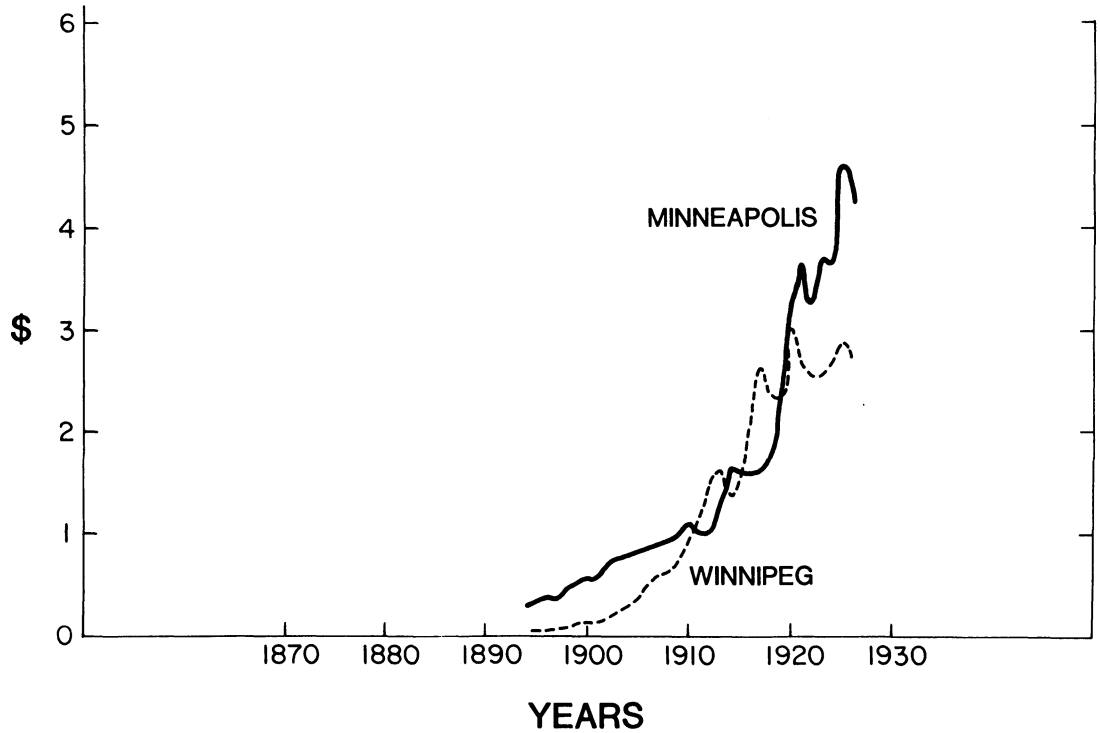
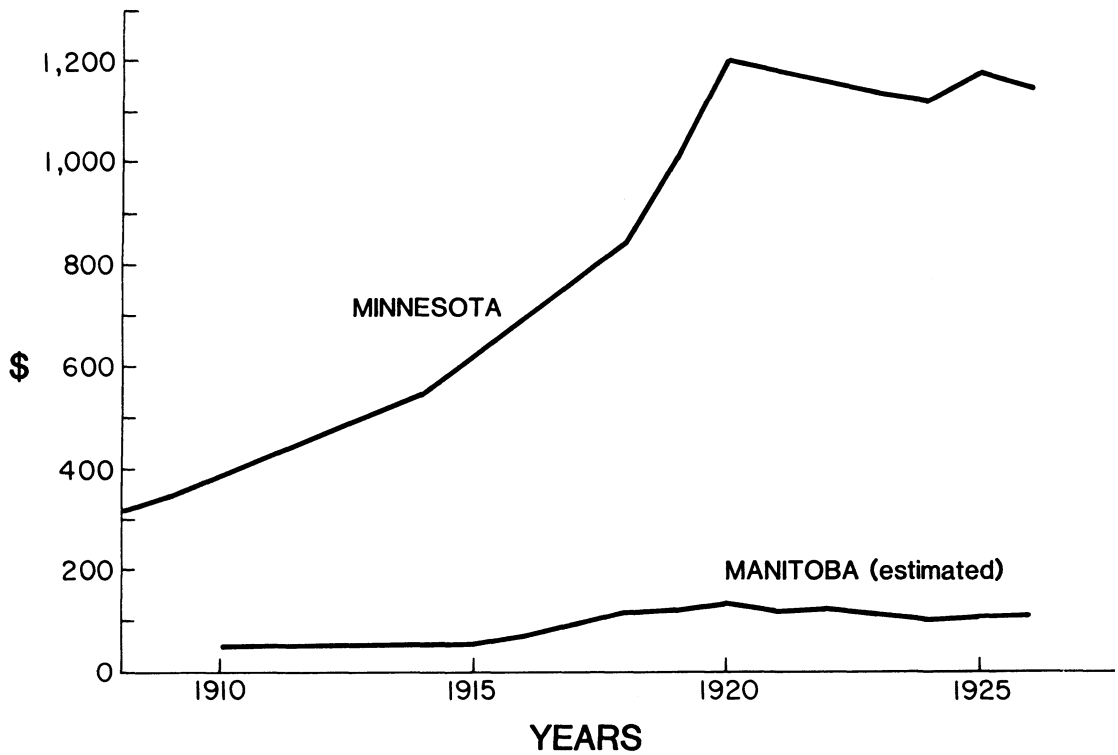


Fig. 7.
Total bank resources (in millions) : Minnesota and Manitoba



Foods, Cargill, Weyerheuser, Great Northern, and the Soo Line, indicated the preeminence of this financial metropolis in its Upper Midwest hinterland.

Minnesota had a population three times that of Manitoba in 1926, yet its bank resources were ten times greater than the Manitoba branches. What can explain this much higher generation of resources in Minnesota and in Minneapolis banks, as compared with a much lower generation of resources in Manitoba and Winnipeg branches?

Canadian branches coming to Manitoba towns in the early years signified an opportunity for Central Canadian investors to participate in Manitoba business expansion and in the expansion in Winnipeg of the principal Canadian grain exchange. Manitoba branches of Canadian banks during the 1900s and 1910s generated resources from rural deposits for the Winnipeg grain merchants and to a lesser extent for Manitoba business expansion, and began to replace the importation of exogenous investment capital with endogenous funds. Only in the 1920s, however, was the flow of Manitoba deposits adequate to supply the investment needs of this regional metropole (Figure 1). Manitoba branches, therefore, were able to create enough resources from deposits and loans to supply Manitoba requirements with a margin of supply beyond that requirement. In addition, the great number of Winnipeg branches and the high level of bank clearances revealed that the Winnipeg banking business was as vigorous in the volume of certain services as was that of Minneapolis. Why, then, were resources slower to increase in Winnipeg as compared with Minneapolis?

Investment funds were not generated in Manitoba because, first, the head office accounts of many Manitoba commercial firms, industries, railroads, and banks were banked at their central Canadian locations in Montreal and Toronto. Also, the profits of these Winnipeg branches when divided were shared principally with owners who lived in these Central Canadian cities. The profits earned by Canadian banks in Manitoba for services rendered on deposits, advances, cheques, and notes did not remain in Winnipeg but were returned to the investors in eastern metropoles who had supplied the capital. Nor could Winnipeg bank officers and directors be considered the fabricators of the policy of Ontario and Quebec banks whose head offices were twelve hundred miles away. Central Canadian directors, owning large blocks of bank shares, and albeit, with some consultation from the few Winnipeg directors, set the financial policy of these banks to coincide with goals of the Montreal and Toronto investment community.

Moreover the transplantation of a series of ready-made, highly-professional, branch systems to Manitoba, in fact, meant the gradual take over of Winnipeg-owned banking establishments.[32] It meant a trade-off — an exchange away from banks which were Manitoba directed to the efficient urban banking system which was directed from Central Canada.[33] The services of a branch system were, in fact, desirable to Winnipeg which continued to be driven by the commerce of a staple export economy.[34] Without capital-intensive, specialized manufacture and home-owned railways, which needed large amounts of visible and invisible capital to operate them, the large scale generation of investment capital in Winnipeg branches was not possible.[35] In Minneapolis it was the specialized manufacturing of Minnesota-owned lumber, flour, and rail enterprises that created investment capital which demanded the foundation of banks to process it. Winnipeg, however, did not have local, specialized manufacturing and transportation services to generate such investment resources. Manitoba-owned banks, which preceded the Central Canadian banks and competed with them until the 1920s, never in their own right became industrial banks to finance regional manufacturing. Rather as local commercial units, they gave way before the commercial efficiency of the branch banks. In truth, Canadian branch banks in Manitoba proved themselves to be more adequate for international nature of the grain trade than the regional unit system might have hoped to be.

Finally, the branch banks in Winnipeg replaced regional direction, standards, and requirements with Central Canadian direction and standards. These urban-directed banking systems reinforced the east-west flow of goods and services, which were started by the political confederation in 1867, and furthered, by the tariff of 1879, the transcontinental railway in 1885, and the freight rates of 1897.

Regionally-owned Minneapolis banks served the financial needs of the manufacturing and rail industries which created them. Winnipeg branches owned by Central Canadians utilized Manitoba's financial resources to reinforce the flow of raw goods from the Canadian prairies and Winnipeg through Montreal and Toronto to Europe and the return flow of manufactures from the Central Canadian cities back to Winnipeg and the Canadian prairies. In a more self-centred fashion, Minneapolis utilized Minnesota's financial resources to reinforce the flow of raw goods from the American prairies through Minneapolis to other cities in North America and Europe, and the return flow of manufactured goods from Minneapolis and elsewhere back to its western hinterland. The Minneapolis deposits were created by specialized regional manufacturing and transportation, and were employed to enhance the industry of that region. In contrast, financial resources were concentrated from rural towns by the Manitoba branches of Ontario and Quebec banks and employed to further a central urban commercial system which helped create that capital. The limited financial resources, which were generated in Winnipeg, revealed the inability of the Winnipeg investment and banking community to centre endogenous industry and transport in that city, and therefore, to create capital resources somewhat comparable with Minneapolis. Winnipeg industrial and financial development was not the prime concern of Ontario and Quebec bank directors. Rather, the development of the Winnipeg

sales outlets for goods manufactured by the Central Canadian factories of these directors was to them the prime concern. The generation of 1.2 billion dollars of resources controlled in Minneapolis was begun by the staple exports of timber and grain, and then multiplied by the specialized manufacturing for export lumber, flour, and railroad products. Minneapolis banks favoured prosperous regional involvements to the benefit of regional industries. Winnipeg, however, never established a similar industrial base, and Winnipeg banks, as agents of the Canadian urban system, preferred to avoid riskier Western Canadian operations in favour of more reliable Central Canadian investment.

NOTES

1. The traditional interpretation of Canadian banking history was put together over a period of eighty-five years beginning with Adam Shortt and H.W.P. Eckhardt in a series of articles from 1896 to 1925 in the *Journal of the Canadian Bankers' Association*, along with articles by both historians published elsewhere. It was continued by Roeliff M. Breckenridge, *The History of Banking in Canada* (Washington: Government Printing Office, 1910); Benjamin H. Beckhart, *The Banking System of Canada* (New York: Henry Holt, 1929); and Edmund B. Walker, *History of Banking in Canada* Toronto: [1899], 1901). More current exponents of this traditional view are Joseph Schull, *100 Years of Banking in Canada: A History of the Toronto-Dominion Bank* (Toronto: Copp Clark, 1958); Merrill Denison, *Canada's First Bank: A History of the Bank of Montreal* (Toronto: McClelland and Stewart, 1966-1967), 2 vols.; Victor Ross and A. St. L. Trigge, *A History of the Canadian Bank of Commerce with An Account of the Other Banks Which Now Form Part of Its Organizations* (Toronto: Oxford University Press, 1920-22), 3 vols; and Clifford H. Ince, *the Royal Bank of Canada: A Chronology, 1864-1969* (The Royal Bank of Canada, 1970 ca.).
   The columned facade of the Canadian banking system felt the tremours of revisionist history in the fall of 1975 with the publication of Tom Naylor's *The History of Canadian Business, 1867-1914: Volume One: The Banks and Finance Capital* (Toronto: James Lorimer, 1975).
2. Ronald Rudin in "A Bank Merger Unlike the Others: The Establishment of the Banque Canadienne Nationale," *Canadian Historical Review*, 61 (June 1980): 191-212, explored "the central role played by the Quebec government" and "the people of Quebec in this merger." James D. Frost in "Principles of Interest: The Bank of Nova Scotia and the industrialization of the Maritimes, 1880-1910" (unpublished M.A. dissertation, Queen's University, 1978), 181, establishes that H.C. McLeod of the Bank of Nova Scotia after 1897 drained away "enormous sums of money" from the Maritimes to finance "the expansion of the American mid-West, rather than the Canadian West."
3. N.S.B. Gras, *An Introduction to Economic History* (New York: Augustus M. Kelley, [1922], 1969), 187-269. D. C. Masters in "Toronto vs. Montreal: The Struggle For Financial Hegemony, 1860-1875," *Canadian Historical Review*, 22 (June 1941): 133-146, applies the Gras model to these two prominent Canadian cities.
4. Gras, *Economic History*,187-208; *Henderson's Winnipeg City Directory* (Winnipeg: Henderson Directories Limited, 1876-1926); *Winnipeg Grain and Produce Exchange, Annual Reports*, 1-20 (Winnipeg, 1899-1907) and *Winnipeg Grain Exchange, Annual Reports (New Series)*, 1-19 (Winnipeg, 1908-1926); *Winnipeg Board of Trade, Annual Reports*, 1879-1924, MG 10A2, Public Archives of Manitoba.
5. *Winnipeg Grain Exchange, Third Annual Report, 1911* (Winnipeg: Free Press Job Department), 44.
6. Gras, *Economic History*, 209-18. C.B. Davidson and W.L. Morton indicate that manufacturing in Winnipeg never became highly specialized for export. Davidson wrote in *Manufacturing in Manitoba* (Winnipeg: Economic Survey Board, 1938) that "the manufacturing industry in Manitoba is dominated by the processing of farm products, the railway rolling stock industry, the generation of power, and service industries supplying the wants and needs of large urban centres. Outside these types of manufacturing . . . the range of manufacturing . . . is rather limited (12-13). Morton in *Manitoba: A History*, 2nd edition (Toronto: University of Toronto Press, 1967) discusses the growing importance of industry in the first decade of twentieth century Winnipeg, but later, considers the fact that only light industry or service industries took root in Winnipeg and that no heavy industry became embedded there (304 and 457).
7. Morton, *Manitoba*, 195, 200-33, and 326; G.P. deT. Glazebrook, *A History of Transportation in Canada: Volume II, National Economy, 1867-1936* (Toronto: McClelland and Stewart, 1970), 406-07; A.W. Currie, *The Grand Trunk Railway of Canada* (Toronto: University of Toronto Press, 1957), 406-07; John Lorne McDougall, *Canadian Pacific: A Brief History* (Montreal: McGill University Press, 1968), 83-92; *Northwest Farm Equipment Journal*, III (September 1889): 77.
8. Ruben Bellan, *Winnipeg First Century: An Economic History* (Winnipeg: Queenston House, 1978), 100. Bellan also describes how the Winnipeg Board of Trade in 1886 was able to gain from the Canadian Pacific Railroad a "fifteen per cent reduction on freight rates west of Winnipeg," and somewhat later, "lower rates on merchandise shipments from Eastern Canada to Winnipeg" (49).
9. Gras, *Economic History*, 219-43.
10. Alan F.J. Artibise, *Winnipeg: A Social History of Urban Growth, 1874-1914* (Montreal: McGill-Queen's University Press, 1975), 24-27.
11. Ross, *History of the Canadian Bank*, II, 123. Discussion exists over the extent of interest rates on loans in the Western Canada. Clifford A. Curtis in his study of "The Canadian Banking System, 1910-1925" (unpublished Ph.D. dissertation, Department of Political Economy, University of Chicago, 1926), 181-183, contended that Western interest rates were 2% more than Eastern rates and generally were "placed at eight and nine percent." He continued on: "In some cases the rates charged to the farmers in the West are excessive, frequently ten percent and more." Comparative bank rates on loans in North Dakota were reported as averaging 10.75% by the bankers and as averaging 11.07% by the farmers. Overall however, Curtis concluded the Canadian bank policy had a levelling effect on Canadian interest rates which "has benefitted the West, while the East has suffered to some degree" (188-189). Somewhat lower rates in the West for the services offered meant somewhat higher rates in the East. James D. Frost in "Principles of Interest" has listed from The Archives of the Bank of Nova Scotia annual Winnipeg interest rates which ran in the area of 6% and annual Western interest rates which ran in the area of 6 to 8% (Appendix B and C).
12. J.H. Menzies, *The Economic Condition and Resources of the Canadian Middle West* (Winnipeg: Provincial Archives of Manitoba, 1914), 5; Gras, *Economic History*, 243-69.
13. Gras, *Economic History*, 306-07; Charles S. Popple, *Development to Two Bank Groups in the Central Northwest: A Study in Bank Policy and Organization* (Cambridge: Harvard University Press, 1944), 323 and 325-26.
14. Gras, *Economic History*, 299-302; Lucile M.Kane, *The Waterfall That Built a City: The Falls of St. Anthony in Minneapolis* (St. Paul: Minnesota Historical Society, 1966), 101, 108, 112; Marion E. Cross, *Pioneer Harvest: The Story of Minneapolis and the Farmers and Mechanics Savings Bank* (Minneapolis: The Bank, 1949), 111; *Illustrated Minneapolis, 1891: Souvenirs of the Minneapolis Journal* (Minneapolis Journal, 1891); *Davidson's Minneapolis City Directory* (Minneapolis: C. Wright Davidson, 1876-1926).
15. Charles B. Kuhlmann, *The Development of the Flour-Milling Industry in the United States with Special Reference to the Industry at*

Minneapolis (Boston: Houghton Mifflin, 1929), 113-24; Robert M. Frame, *Millers to the World: Minnesota's Nineteenth Century Water Power Flour Mills* (St. Paul: Minnesota Historical Society, 1977), 50-64; Kane, *The Waterfall That Built a City*, 103-05; Gras, *Economic History*, 302.

D.L.C. Galles in "Bank of Nova Scotia in Minneapolis, 1885-1892," *Minnesota History* 42 (Fall 1971): 270, emphasizes the extent of the Minneapolis flour export: "Britain, Belgium, Germany, and the Netherlands were all large purchasers of Minneapolis flour, which account for one-fifth of the country's flour exports in 1884."

16. Kane, *The Waterfall That Built a City*, 98.
17. Terence J. Fay, "Farm Implement Firms as Symptomatic of the Rise of Regional Grain Cities: Winnipeg and Minneapolis, 1876-1926," *American Review of Canadian Studies*, 11 (Autumn, 1981): 24-25 and 34-35.
18. Charles B. Kuhlmann, "The Influence of the Minneapolis Flour Mills Upon the Economic Development of Minnesota in the Northwest," *Minnesota History*, 6 (June 1925): 151-152.
19. James W. Simmons in "The Organization of the Urban System," in *Systems of Cities: Readings on Structures, Growth and Policy*, ed. by L.S. Bourne and J.W. Simmons (New York: Oxford University Press, 1978), 65-67, describes the Industrial Specialization Model which is especially appropriate to Minneapolis. Flour milling, wood products, and machine industry gave Minneapolis distinctive products for local use and export, slowing the outflow and quickening the inflow of investment capital. Winnipeg, by contrast, followed more closely the Staple Export Model which relied heavily on outside sources to purchase its low-cost, raw products in order to attract capital inflow. Also see Leonard O. Gertler and Ronald W. Crowley, *Changing Canadian Cities: The Next 25 Years* (Toronto: McClelland and Stewart, 1977), 108-09 and 127-128.
20. Kuhlmann, *Flour-Milling Industry*, 152-53 and "The Influence of Minneapolis Flour Mills," 143-46; Gras, *Economic History*, 302-04; Kane, *The Waterfall That Built a City*, 100.
21. Popple, *Development of Two Bank Groups*, 32 and 50; Kuhlmann, "The Influence of Minneapolis Flour Mills," 150-51.
22. Gras, *Economic History*, 306.
23. Manitoba boundaries were finalized in 1912 "where the sixtieth parallel of north latitude intersects the western shore of Hudson Bay . . . to the northeast corner of the province of Saskatchewan," *Statues of Canada*, 2 George V, Cap. 32, 1912 (Ottawa: Charles Henry Parmelle, 1912). The area of Manitoba was then set at the present 246,512 square miles.
24. C.D. Bremer, *American Bank Failures* (New York: Columbia University Press, 1935), 99-107, describes the struggle during the early decades of the twentieth century between the national and state banking systems. To attract banks to the respective systems, banking standards were continually relaxed to permit a long list of intolerable practices.
25. Curtis L. Mosher, *The Causes of Banking Failure in the Northwestern States* (Minneapolis: Federal Reserve Bank of Minneapolis, 1930), Pamphlet Collection, Minnesota Historical Society; C.D. Bremer, *American Bank Failures*, 101-07; Russell A. Stevenson, ed., *A Type Study of American Banking: Non-Metropolitan Banks in Minnesota* ("Bulletins of the Employment Stabilization Research Institute," Vol, IV: 1;, Minneapolis: University of Minnesota Press, 1934), 8; Popple, *Development of Two Bank Groups*, 328.
26. Curtis, "The Canadian Banking System, 1910-1925," 198-199.
27. Benjamin H. Beckhart, *The Banking System of Canada* (New York: Henry Holt, 1929), 327 and 338-39. Beckhart, an assistant professor at Columbia University, and in cooperation with a number of Canadian bankers, assembled and published this most informative volume of material on the Canadian branch system from Confederation until the Great Depression.

    The concentration of Canadian Banks during this period is further discussed by Schull, *100 Years of Banking*, 131; Milton L. Stokes, *The Bank of Canada: The Development and Present Position of Central Banking in Canada* (Toronto: Macmillan Company of Canada, 1939), 3; Trigge, *History of the Canadian Bank*, III, 88.
28. Galles, "Bank of Nova Scotia," 271-72 and 276; Popple, *Development of Two Bank Groups*, 45 and 50; Kuhlmann, "The Influence of the Minneapolis Flour Mills," 150-151.
29. R.R. Rostecki, "The Growth of Winnipeg, 1870-1886" (unpublished M.A. Dissertation, Department of History, University of Manitoba, 1980), 50, 59-60, and 70-71. Rostecki discusses the entrepreneur and the entrepreneurial spirit in Winnipeg and concludes: "it is . . . evident that those who made their fortunes had arrived early and sold early, remaining content with modest profits. It was from real estate that Winnipeg's first wealthy class drew its sustenance. Eastern Canadian money had largely funded the Northwestern boom, but by its end, the dollars had become Manitoban" (70-71). The Winnipeg of this period was alive with real estate and commercial entrepreneurial spirit, but its manufacturing stagnated: "by the end of 1886, Winnipeg emerged from the boon-bust era with only a meagre increase in her manufacturing sector" (72). "Winnipeg was not considered a manufacturing centre" (76).
30. The total annual assets of Manitoba branches are estimated from the deposits of 30 Manitoba branches of the Royal Bank of Canada, including those of the Union Bank which it took over in 1925, and 8 Manitoba branches of the Bank of Nova Scotia. The total deposits of these 38 Manitoba branches, including both main branches and rural branches, were averaged and multiplied by the number of Manitoba branches in existence for that particular year, thus providing the total estimated annual assets of the Manitoba branches as used in Figure 10. The number of Manitoba branches for 1868 through 1925 is recorded in Beckhart's study, p. 362, and for 1926 through 1930 the number of branches can be found in *Canada Year Book, 1931*.

    Other methods of estimating the total assets of Manitoba branches, such as multiplying the Manitoba population times the per capita Canadian bank assets, or such as multiplying the percentage of the Manitoba branches of the national total of Canadian branches times the total of Canadian bank assets, produced figures that were 30% to 60% higher than the estimates calculated on the 38 branches. The estimation of the total annual Manitoba assets from 38 branches whose annual deposits were extant seemed the most representative way to arrive at such a figure. From conversations with Mr. Barry Veals, Comptroller of the Winnipeg Main Branch of the Royal Bank of Canada, this is the way a bank could estimate resources and appeared to be the most accurate way to estimate branch annual resources.
31. T.W. Acheson, "The Social Origins of Canadian Industrialization" (unpublished Ph.D. Dissertation, Department of History, University of Toronto, 1972), 265, 305, states that it was the "advent of the Canadian Pacific Railway" that transformed Winnipeg, a city of appointed agencies of Montreal and Toronto firms, "into a branch-firm city." Important eastern firms at Winnipeg in finance, implements, railroads, telegraph, hardware, grain, and milling dominated the Board of Trade and considered Winnipeg as "a dependent colonial economy" (271, 304). Lacking an extensive facility for manufacture of consumer and producer goods, most were "imported from the East or from the United States" (297). Acheson summarizes the difficulty as a colonial mentality that forged a colonial economy: "Winnipeg was unique in that it provided neither the industrial leadership for other communities in its region nor did it proivide for its hinterland a variety of manufactured consumer goods. Indeed, by 1911 most manufactured goods consumed within the vast western region were imported" (304-305).
32. M.L.M. (Marg.) Fuller in "The History of the Royal Bank of Canada in Manitoba," (Winnipeg, 1974), 4, relates that "a great number" of privately owned banks in the older settlements of Manitoba "were taken over by the chartered banks and the owners were retained to act as managers for the branch banks."
33. Curtis, "The Canadian Banking System," 219-22 and 227, summarized the reluctance of the Canadian banks to adjust to regional needs.

Besides the higher rates charged, "the main complaints" centred on the three-month duration of loans, which was designed for the Scottish industrial system and which was not adjusted to the growing season for western agriculture; the unpredictability of the bank management of renewals; and the arbitrary treatment or "haughty" attitude of the Canadian banks to the western farmers.

34. C.A. Curtis saw the benefits of a branch banking system which could mobilize banking capital and provide uniform services to all Canadian regions. Weighing arguments for and against branch banking, he reasons positively that "the transference of funds . . . has probably been desirable, and of very great value" ("The Canadian Banking System," 188 and 228). Yet not only did Winnipeg benefit from a national banking system, but also as T.W. Acheson suggests, Winnipeg, far from being damaged by the national economy, "owed its metropolitan status to the assumptions of the National Policy" ("Social Origins of Canadian Industrialization," 290-291).

35. Jane Jacobs in *Cities and the Wealth of Nations* (New York: Random House 1984), 42 and 171, explains that cities grow and accumulate capital wealth by a repeating cycle of import-replacing.