

Banking Year in Canada

(By H. M. P. ECKARDT, in the New York Financier).

For Canadian banking, 1915, has been a year of continued expansion, notwithstanding the war and notwithstanding the partial crop failure in the western provinces in the fall of 1914. The year began under depressing circumstances. Business was dull in all parts of the country. Failures were numerous; railway earnings, bank clearings, building permits, etc., were shrinking rapidly; and the war outlook in Europe contained no promise of an early peace. However, the depression was modified or relieved to a certain extent by the large orders for shells and other munitions of war, grain, horses, etc., which the British, French and Russian governments continued to place in the Dominion. Also the agricultural community was stimulated to use utmost endeavors to seed an extraordinarily large acreage because of the fact that around seeding time wheat prices ruled at a very high level. Thus the foundations were laid for the bumper crops of 1915.

The Dominion Government, which had been spending from \$8,000,000 to \$10,000,000 per month on Canada's military operations, was borrowing for this purpose in London, so these expenditures did not tend to exhaust the resources of Canadian banks; in fact their tendency was rather in the opposite direction. Thanks to the large transfers from Europe to the accounts of purchasing agents in the Dominion, increasing exports of Canadian goods, and occasional flotation of new Canadian securities in New York, the deposits of the Canadian banks tended steadily upward. The figures shown at the end of January, 1915—\$1,137,600,000—represented the low water mark for the year. By October the total had risen to \$1,251,400,000, the increase for the nine months therefore being \$114,000,000. In the early part of the year the bond issues placed in the United States by Canadian governments and corporations were a most important factor in increasing the bank deposits. There were two railway issues, of importance, and the Dominion Government's \$45,000,000 loan at the end of July played a great part in putting Canada in funds. Also several of the provinces and large cities secured loans through American houses.

Banking practice in Canada is proverbially conservative; and as their deposit liabilities grew, the bankers were particular to build up their available reserves. These stood at \$334,000,000 on January 30, 1915, this being 27.87 per cent of the net liability. The ratio was increased until it rose above 30 per cent at midsummer, and has been maintained practically at that level ever since. It has been recognized that much of the deposit increase represented transient money, and that very heavy reserves were called for. There has been not much change in the bank holdings of specie and Dominion notes, but the balances and call loans carried at New York and London have been systematically built up—for example on September 30 these two items together

amounted to \$187,000,000, as against \$124,000,000 on January 31, the increase being \$63,000,000, and most of it doubtless occurring at New York.

All legitimate home industries have been provided for by the banks, but there has been no general increase of mercantile loans to correspond with the increase of deposits. As a matter of fact the home mercantile loans toward the end of the year were practically at the same level as at the end of January. There has been, however, some increase in the special loans to municipalities and other corporations.

In case of the larger banks, conditions in 1915 have not been favorable for the making of big profits. The banks took and have been carrying throughout the year a considerable amount of Dominion notes newly issued in the fall of 1914. These excess holdings probably amounted to \$30,000,000, and of course, the investment yielded no interest. Then, as remarked above, the commercial loans and discounts did not increase; so a considerable part of the new deposit funds subject to interest, was put into foreign call loans and balances yielding 2 per cent, or less. Consequently the annual reports presented by the larger institutions in the fall of the year showed decrease of net profits. It is to be noted that bank taxes payable to the Dominion and the provinces have been increased considerably. The Dominion put a one per cent tax on the bank note circulation, taxed cheques, notes and bills, and added one cent to the postage rate, all of which affected the expense accounts of the banks.

There were no bank failures during the year. One of the newly organized banks, with headquarters in Winnipeg, passed its dividend; another new bank reduced its dividend from 7 to 5 per cent; and a third institution dropped a one per cent bonus which had been paid during the recent era of prosperity.

Toward the end of the year the Canadian banks gave valuable assistance to the Dominion Government in connection with the flotation of Canada's \$50,000,000 domestic war loan. The banks agreed to take half the issue, or \$25,000,000, and also placed all their facilities at disposal of the Government in procuring subscriptions and payments thereon. The response of the general public was so satisfactory as to make it unnecessary to call on the banks for more than a part of their subscriptions, and their resources are therefore largely available for taking up a further domestic loan a little later.

Although profits have been reduced, the Canadian bankers look forward hopefully to the future. All of them recognize clearly that the pressing duty at present is to keep strong against emergencies. This duty they are performing; and when the uncertainties and dangers now in evidence pass away, the Canadian banking institutions will be in good position to render valuable service in financing Canada's trade and industrial development.

Canada's Bond Sales

The annual compilation of bond sales made by Mr. E. R. Wood is published below. It shows that

Issue.	Amount.
Government	\$214,814,133
Municipal	66,508,073
Railway	37,915,665
Public service	10,225,000
Miscellaneous	8,050,000
	\$337,512,871
Can. Corp. abroad	\$ 4,380,000
	\$341,892,871
Figures for 1914	\$272,935,067

The following shows the purchases made by the U. S. during the past three years:

1915	\$143,972,896
1914	53,944,548
1913	50,720,762

MANITOBA'S MORATORIUM.

It is stated that the new Manitoba Government will not in any way interfere with the Moratorium Act passed by the former administration. The financial men of the province are not agitating for any changes in the measure, which will, therefore, remain in force for the duration of the war. Abuses of the War Relief Act will, however, be remedied.

total issues amounted to \$341,892,871 as compared with \$272,935,067 in 1914.

	Canada.	U.S.	Gt. Britain.
Government	\$109,602,300	\$ 80,877,500	\$ 24,333,333
Municipal	34,052,677	32,455,396
Railway	17,500,000	20,415,665
Public service	2,475,000	7,750,000
Miscellaneous	2,500,000	5,390,000	160,000
	\$148,630,977	\$143,972,896	\$ 44,908,998
Can. Corp. abroad	800,000	3,580,000
	\$149,430,977	\$143,972,896	\$ 48,488,998
Figures for 1914	\$ 32,999,860	\$ 53,944,548	\$185,990,659

GRAIN AT HEAD OF LAKES.

On January 7, 1916, there were approximately twenty-seven million bushels of grain in store in the elevators at the head of the lakes. An average of about four hundred cars of mixed grains are being received from the west daily and about one hundred and fifty cars are being shipped east. The capacity of the elevators here is slightly over forty-three million bushels, but as different grades may not be mixed, approximately thirty-eight million bushels will fill the capacity. At the rate of two hundred and fifty cars a day of twelve hundred bushels capacity each, which are at present being taken into storage, the capacity of the elevators will be reached on Saturday, February 12.

Queer Nurseries

One of the saddest features of life in London, and in some other large cities in Great Britain, is the extent to which women resort to the public houses for drink. That phase of the drink traffic is, happily, not found in Canada. Here, even the barmaid, so much in evidence in the old country, is practically unknown. A few years ago it was a common thing in the British towns to see women, with their children, in the bars. Legislation dealt with a part of the evil by providing that children should not be admitted to these places. The enforcement of that rule led to the practice of women standing at the doors of the public houses to take care of children while the mothers entered for their drink. Recently a further development of this plan has been discovered in the city of Bristol. It has been found that in many cases the proprietors of public houses have provided, close to their places, "nurseries," in which children are taken care of while the mothers go to the bars. This practice has become so wide that the authorities are being moved to stop it. The Licensing Magistrates have expressed their disapproval of the practice, and probably the fear of losing their licenses will oblige the proprietors of these "nurseries" to close them. Incidents like these give the reader at a distance an idea of the deplorable extent of the drink habit in the old land.

Dyewood Embargo Lifted

It was announced last week that the British Government had lifted the embargo on the exports of dyewoods from Jamaica to the United States. This embargo was imposed a few weeks ago on representation to the British authorities that United States extract concerns were discriminating against Canadian consumers in the matter of shipments. As soon as it was shown that Canadian consumers were protected the embargo was first modified, and then removed. The action means much to the textile and leather industries in Canada, as, since the shutting off of German artificial dyestuffs, these users have resorted to the old vegetable dyes which had been displaced. The principal source of these dyewoods is Jamaica, and the extract from the wood is largely made in the United States. Although the dyestuff shortage is still very acute, the assurance of an adequate supply of such colors as can be obtained from the vegetable materials relieves the situation appreciably.

Increase in Insolvencies

The annual statement of Messrs. Cordeau and Paquette, of the Insolvency Office, of the Judicial District of Montreal, shows that during 1915 there were 243 firms (unincorporated) and individuals who went to the wall; while 102 limited liability companies, the great majority of them on their own initiative, went into liquidation. The comparative figures for 1913 and 1914 were:

	1913.	1914.
Failures, of firms and individuals	202	432
Liquidations of limited liability companies	66	89
Total	268	521

Of the firms and individuals who went to the wall in 1915, the great majority are described as traders or merchants. An examination of the records shows that there were amongst the failures roughly speaking, four druggists, thirteen printers, seven milkmen, eight butchers, two customs brokers, thirteen contractors, twenty-two grocers, three hotel keepers, fourteen carriage makers, four real estate agents, and three keepers of lunch rooms. These figures are not given as accurately representative of the various classes of trade, the majority of the insolvents describe themselves under the all comprising caption of trader or merchant.