

BANKING PROFITS IN CANADA.

In the table which The Chronicle publishes on another page to-day, a comprehensive view of the tendency of Canadian banking profits during recent years is given. In studying these statistics, it should be borne in mind that several banks are necessarily omitted, for one reason or another, from the 1918 showing. The British and Northern Crown banks have been absorbed; the date of the annual meeting of the Provinciale has been changed to April; and the figures of the Bank of Hamilton and Weyburn Security Bank are not available at the date of writing. However, these unavoidable omissions are not likely to affect the general tenor of the results shown.

In regard to paid-up capital, it will be noted, that the banks' average capital has been practically stationary between 1913 and 1918, the fluctuations shown being mainly the result of re-arrangements of capital consequent upon the various important amalgamations which have taken place during this period. Average capital and rest, which in the years prior to the war, showed very rapid advance as a result of the banks' large annual attractions to rest, has also been stationary since 1914, large amounts which, normally, would have been applied to rest, having had to be diverted in the changed circumstances of the day, to contingent funds, depreciation of securities, etc. While shareholders' funds have been thus stationary, for several years, the banks' total resources have enormously increased, having, in fact, more than doubled since 1909. Profits, however, have not increased commensurately, and it will be observed that while the 1918 earnings upon shareholders' funds—average capital and rest—show an enlargement over the preceding years, they are only on a level with the years 1911 and 1912, when the resources of the banks were several hundreds of millions of dollars less than they were in 1918. In other words, the responsibility and risk involved in the handling and investment of these enormously increased resources has brought no commensurate increase in the rate of remuneration enjoyed by capital invested in banking.

With reference to the lower table showing disposition of profits, the large increase of recent years in writings-off for depreciation, particularly during the earlier years of the war period, will be noted. Contributions, pensions, etc., have also much increased, and the war tax on circulation since 1915 has taken a substantial amount of profits which in earlier years were retained by the banks.

As regards the differences in profits shown respectively in the upper and lower tables in 1913, 1911 and preceding years, the explanation is that the profits in the lower table include "recoveries" and other special items. The \$20,442,506 profits shown in 1911 included the adjustment of \$3,400,000 made that year in the Bank of Montreal pre-

mises account. The amounts carried forward from one year to the next are affected by bank failures, amalgamations and changes in date of annual returns.

FOREIGN TRADE

The useful monthly Commercial letter issued by The Canadian Bank of Commerce says:—Foreign trade is still hampered by the many regulations imposed by importing countries and by difficulties in obtaining vessel space. There are also many obstacles to overcome in making satisfactory arrangements as to payments. To the solution of these problems the governing authorities are giving attention, as the course of export business in the immediate future depends upon the results of their efforts. Groups of industries are taking associated action in sending practical men to explore foreign fields; this is a new departure on the part of Canadian manufacturers from which much is hoped. A commission has been established in Siberia and a credit of \$1,000,000 has been granted by the Canadian Government for its trade operations. It is by such efforts that business may be obtained to employ the plant and labour rendered idle by the cessation of orders for munitions and by a falling off to some extent in the demand from abroad for foodstuffs. The volume of exports must contract appreciably when such items as cartridges and explosives fall from a total of \$424,000,000 in the twelve months ending January, 1918, to the very nominal volume of pre-war years. Up to the end of January, the latest date to which official returns are available, the decline in exports had not been as great as anticipated. There has been a decided falling off in the quantity of grain exported, but there is in the country a considerable surplus which has been sold, but is not yet shipped. It is in agricultural and manufacturing products that a decline is already in evidence, but in other staple lines — minerals, fish, forest and animal products, there continues to be an increase, and it is from these resources, capable as they are of almost unlimited expansion, that capital and labour may hope to derive employment in larger measure than heretofore. The figures of Canadian exports over a series of calendar years are as follows:

	Exports.		
	1916.	1917.	1918.
The Mine	\$ 83,462,893	\$ 76,082,491	\$ 79,650,972
The Fisheries . . .	24,696,944	28,929,640	34,129,743
The Forest	55,676,911	51,695,847	66,857,990
Animal Produce . .	119,451,687	174,734,202	181,391,749
Agricultural Prod. .	371,753,651	535,139,629	326,974,133
Manufactures . . .	444,275,942	672,000,725	555,725,934
Miscellaneous . . .	7,763,450	4,868,346	5,119,826
Total	\$1,107,081,478	\$1,544,450,880	\$1,249,850,347

Canadian Banking Practice

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