

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION.

(Continued from Front Page.)

manner above referred to, it can face the prospect of two or three lean years without anxiety. It is not likely that the period of slackness or depression following the war, if one is experienced, will prevail in acute form, for more than three years. Then one must remember that certain of the new industries commenced during the war will be continued after peace returns — the products being also peace products. The shipbuilding industry, with the encouragement to be given by the Dominion Government, will certainly be actively pushed for several years at least. This in turn, would ensure the active operation of the new steel plate industry which the Dominion Steel Corporation is preparing to inaugurate. So, on the whole, it may be the case that Canadian industry will be satisfactorily active after the making of shells and other munitions is discontinued.

New York is engrossed with the flotation of the Liberty Loan, and the money market there is quiet and unchanged. In their Saturday statement the clearing house banks reported a loan increase of \$130,500,000, a decrease of \$11,900,000 in reserve in Federal Reserve Bank, a decrease of \$12,500,000 in net demand deposits—the series of movements resulting in a \$10,000,000 decrease in excess reserve, and bringing it down to \$35,700,000.

### CANADIAN BANKS AND POST-BELLUM TRADE

Sir Edward Holden's recent statement in London in explanation and justification of the policy of banking amalgamations and the wide extension of the interests of the great British banking institutions is of some interest to Canada. Briefly, the explanation and justification of these amalgamations, in Sir Edward Holden's judgment, lies, first, in the necessities of after-the-war financing; secondly, in the need to guard London's financial position as an international financial centre, particularly against the competition of the German banks, which are making active preparations, through amalgamations and the development of new financial machinery, to follow the military campaign by a financial one. The latter point is not of primary interest to Canada except in so far as German banking facilities may be used in the future to back German competition with Canadian trade in foreign fields, but Sir Edward Holden's argument regarding the necessities of after-the-war financing is of direct interest to the Dominion.

Sir Edward estimates that for the purposes of changing British plants over from war production to peace production, of bringing up to date other plants which have necessarily been allowed to run down, of purchasing raw materials and of the general improvement of the trade position, banking credits of not less than \$1,500,000,000 will be required. The Canadian banks will be called upon after the war to render proportionately the same services to the Dominion's industry and trade, as is contemplated in the case of the British banks. The demands upon the Canadian banks during the reconstruction period for such purposes as those outlined above, will undoubtedly be large. It is to be remembered that agricultural development alone will by no means solve the problem of Canadian reconstruction. By all accounts, not a very large proportion of returned soldiers are anxious to go on the land. Industry and commerce will need to be developed in Canada alike to ensure satisfactory labor conditions at home, and to take care of our heavy obligations abroad. To that end banking facilities are essential, and there is no reason to suppose that the Canadian banks, which have played their parts so satisfactorily during the war-time period, will be found unprepared to adapt themselves to the new conditions.

One form of adaptation which it is likely will be adopted immediately conditions make it possible, is considerable additions to the banks' paid-up capital a policy which has already been foreshadowed by leading bankers. While between the years 1906 and 1912, the paid-up capital of the banks was increased by nearly \$23,000,000, from \$91,000,000 to \$112,730,000, it has since remained at approximately this level, although in the interval the scope of Canadian banking operations has been immensely increased. Another suggestion, made by Mr. E. L. Pease some months ago, and since then given influential banking support looks to the refinement of the existing banking machinery, in order to meet the needs of the period of reconstruction through the establishment of a bank of re-discount. Whether this suggestion will be eventually crystallized into action remains to be seen. There is ample evidence, however, that Canadian banking executives are giving close attention to the problems which are likely to arise in connection with the period of reconstruction, and that some very interesting developments will be seen, as the banks take up the new work of aiding commercial and industrial expansion under peace conditions.

### PLAYING THE GAME

If you fail to Save that you may help Canada bear the burdens of war, and finance the problems of peace you are not playing the game.

Under British standards the man who refuses to "play the game" is regarded with contempt. If in the midst of the present war prosperity, you, who are profiting by it, merely waste, instead of saving, you come under that category.

Save, even though it involves Sacrifice. Such sacrifices should be easy when you think of the sacrifices of life and limb that have been made by the boys "Over There." They have played the game manfully. What about you?

Sacrifice to Save! Save that you may Lend—to Canada!