

# The Chronicle



## Banking, Insurance and Finance

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### BANK DEPOSITS AND SAVINGS.

In the February bank statement, the notice deposits of the banks are reported at the new high level of \$728,242,609, a gain of over \$57 millions during the past twelve months. These deposits are frequently called savings deposits, but the term is misleading, since there are included under this heading, funds which cannot by any stretch of the imagination be regarded as "savings" in the ordinary acceptance of that word. Notice deposits include, for instance, funds on deposit for a period pending the completion of business transactions; they certainly include at the present time large amounts of funds which under normal circumstances would be actively employed elsewhere. Many loan and financial corporations for some time past have been carrying exceedingly heavy cash balances, because of the desirability and even necessity that in such unsettled times as these they should be ready for any possible emergency, and should be in a position to meet satisfactorily the new conditions whereby they are not, as heretofore, able to sell freely their debentures in Great Britain, but, on the contrary, have to face the possibility of present debenture holders desiring not to continue their holdings on the maturity of the existing debentures. True, the experience of the established Canadian mortgages in this last respect has thus far been very satisfactory. Debenture holders on the other side of the Atlantic have shown themselves as unwilling to surrender their debentures unless absolutely compelled to do so. But in this connection it has to be remembered that the severest pressure of the war financially has not yet been felt on the other side, and the organisations having maturing obligations need to guide themselves accordingly.

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The fact is, then, that the increase of \$57 millions in the notice deposits of the banks during the last twelve months cannot be considered as a measure of the "savings" of the Canadian people at the present time. This fact is a good deal more than a mere statistical point; it is a matter of considerable importance. A wrong idea on this point gives a wrong impression as to the extent to which we in Canada are fulfilling the present-day obligation of thriftiness and capital accumulation. Every day observation suggests that if something is being done

in this direction, we have not yet begun to approach the maximum of effort that is possible without any particular hardship. In numerous useless ways, money is being squandered, and no one class of the community is less guilty than another. It is true that there has been a considerable restriction of expenditures by many people, owing to lessening of incomes, but this sort of thing is thrift by *force majeure*, which is by no means the real thing. With an improvement in financial circumstances, it is fair to think that the former scale of expenditures would in many cases be resumed.

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The main reason for the present condition of affairs—a partial effort towards economy and thrift, but by no means the utmost effort—is to be found in the fact that the realities of the case, the real reasons why for present-day thrift have not yet been brought home to the bulk of Canadians. Our people have not yet been taught to appreciate the connection between the individual's thrift, the Dominion's financial well-being, and the needs of the British Empire and the Allies. It is now reported that the Dominion Government proposes to undertake a publicity campaign in the interests of thrift. We hope that in any work of this kind the point will be clearly made that the financial burdens now being assumed by the Dominion call for the individual's thrift, and that this is as essential as the sending of further overseas contingents, if Canada is to do her full measure of duty with the Allies, while at the same time preserving her financial stability. What is wanted is that points of this kind shall be clearly brought out in simple language that he who runs may read. It is essential that the patriotic reason why should be given and that there should be no chance to confound thrift with meanness—as it often is in theory, and, perhaps sometimes, in practice. Says the *Round Table* apropos of the problem of thrift in Great Britain:—"We can increase our national income only by greater production; we can reduce our civilian expenditure only by greater saving. If those who can produce do not produce all they can and if those who can save do not save all they can, it is we and not our enemies who will first reach economic exhaustion. In a war of exhaustion, a nation which produces and saves with all its strength will beat a nation which produces and saves with half or three-quarters of its strength." Are we in Canada yet utilizing even half our strength in this connection?