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CANADA'S BANKING FACILITIES.

"The country has outgrown its railroad facilities" is a remark frequently heard in the United States and Canada now-a-days. No less an authority than Mr. J. J. Hill has stated that it would take billions of dollars to bring the railroads into condition so that they could properly handle the traffic that will be offered to them in the next few years. Another remark, familiar in both countries, is that "commerce and industry have outgrown the banking facilities." This has produced a protracted stringency in the money markets, more noticeable in the country to the south than here. But, though we have suffered less inconvenience, the shortage of credit has proved irksome. It has had the effect of greatly depressing the values of the standard securities, and without a doubt it has hindered the inception of numerous new enterprises and the development of existing enterprises.

The stringency, it is well known, is world-wide in scope. It will be interesting to see what the banks have been doing to keep pace with the industrial growth. The problem confronting them is not an easy one to solve. They have to take care of the reasonable wants of their worthy customers; they must discount and lend an ever increasing amount, at the same time taking care that their cash and quick assets do not fall too low in proportion to their liabilities. So far as our Canadian banks were concerned there were three sources whence they might expect to draw funds that would be available to increase their Canadian discounts. They could draw home their foreign investments; they might attract new deposits and increase their note circulations; and they might call on their stockholders for new capital. How they have drawn on each source of supply is shown us in the following tables:

BANK INVESTMENTS ABROAD.

	31 Dec. '03	31 May '07.
Net amount due by banks in U. K.	\$ 6,373,919	*\$ 5,453,295
Net amount due by banks in foreign countries	10,873,399	9,565,444
Foreign call loans	34,991,423	52,281,678
Foreign current loans	18,616,518	25,412,267
	\$70,855,259	\$81,806,094
Less deposits out of Canada	34,479,937	58,484,660
**Net investment abroad	\$36,375,322	\$23,321,434

*Due to U. K.

**Exclusive of holdings of foreign bonds and stocks.

There is shown a reduction of \$15,053,888 in the net investment abroad. It should be observed, however, that this movement of bringing home foreign investments did not commence till after September, 1906. Until that date the total steadily increased; on 30th September, it stood at \$63,115,071. Since then the movement homewards has been rapid.

GROWTH OF CANADIAN DEPOSITS.

	31 Dec. '03	31 May '07.
Dominion gov't deposits	\$ 3,866,064	\$ 5,889,864
Provincial gov't deposits	3,970,577	11,098,728
Public deposits demand	120,529,032	172,065,976
Public deposits notice	279,327,788	415,476,948
	\$407,693,461	\$604,531,516
This growth has amounted to..	\$196,838,055	
The note circulations have increased	\$8,201,706.	

CONTRIBUTIONS BY STOCKHOLDERS.

	31 Dec. '03	31 May '07.
Capital Paid	\$ 78,563,236	\$96,167,889
Rest	50,598,511	69,412,774
Profit and loss balances, etc.	8,059,558	8,204,902
	\$137,221,305	\$173,784,665

The stockholders contributed a new fund of \$36,563,360.

Summarizing these results the following is obtained:

Drawn home from abroad	\$ 13,053,888
Increase in deposits	196,838,055
Increase in note circulation	8,201,706
*Fresh contributions by stockholders	36,563,360
	\$254,657,009

*The contributions by stockholders were made partly by their taking new stock at a premium and partly through the accumulation of their profits.

Thus it is seen that the banks have in less than 3½ years increased their loanable resources available for home purposes by over a quarter of a billion dollars. Of this amount, \$200,288,153 was absorbed in current loans in Canada, the balance being required as reserves against their heavily increased liabilities.

The interesting question is: What of the future? Not a great deal more can be drawn from abroad. The course of deposits has not been altogether favourable in the last few months. Since December, 1906, there was a steady decrease until two months ago. The May bank statement showed a substantial increase over April and the marketing of dairy and agricultural produce all