MERCHANTS BANK OF CANADA

The inauguration, by the Merchants Bank of Canada, of the practice of issuing a half-yearly statement, keeps the public au courant with the condition of its affairs at a time of year when a number of the banks issue their statements and when as a result of seasonal and other developments, the condition of the banks is of peculiar interest to financial students. It may be said at once that the half yearly statement issued within the last few days, is a document upon which those concerned, particularly Mr. D. C. Macarow, General Manager, are to be warmly congratulated. The statement indicates that this old established and highly esteemed institution, has taken in its full share in the various developments of national finance, and the recent forward movement of Canadian trade.

Profit and loss figures, following the policy of the bank, are withheld until the completion of the fiscal year, but the balance sheet is indicative in a striking way, of the six months' progress, showing total assets have increased in the period by $32,-582,136 to the highly substantial aggregate of $198,506,572.

Readily available assets of the bank stand at $84,014,965, a gain of $11,566,688, or, approximately, 16 per cent. over the preceding half-year, showing the extent of the improvement effected in the way of the institution's liquid position.

Aggregate deposits at the end of the half-yearly period ended October 31 last, are given in the statement at $166,006,015, compared with $135,-888,213, on the same date a year ago, an increase of $30,117,802. Of this gain, $19,368,746 was in deposits of the savings or time category, while demand deposits increased by $10,749,056.

To what an extent the bank has continued to play its part in the period of transition of from war to peace-time conditions, is indicated in the figures representing its advances to the Government and to the general commercial community in the period under review. Securities of Dominion and Provincial Governments held by the institution show an increase of $4,682,244, while current loans and discounts in Canada have increased by $19,-435,478 over the total as at October 31 a year ago.

Note circulation at $15,827,373 is higher by $647,130 than a year ago, with the issue in excess of the paid-up capital more than covered by a deposit in the central gold reserve of $8,000,000.

Compared with the position of October 31, 1918, the paid-up capital of the bank shows an increase of $1,341,535, with rest account standing at the satisfactory level of $7,000,000. Actual cash on hand and in banks increased in the year by upwards of $5,000,000, while call loans in Canada grew by almost $2,000,000 to $6,843,017, those outside the Dominion being increased by upwards of $500,000.

THERE MUST BE RETRENCHMENT

A member of the Dominion Government recently stated in Parliament that, for the present fiscal year and the next, the commitments on capital account are already $700,000,000. For the present fiscal year the ordinary current expenditure will be $270,000,000, including $102,000,000 for interest, $25,000,000 for soldiers' pensions, $30,-000,000 for soldiers' civil re-establishment and $112,300,000 for the public services of the country. The additional amount, therefore, which it will be necessary to raise by new taxation, if our revenue is to meet current expenditure, will be $143,000,000. Besides this, the capital expenditure already entered upon will involve an additional interest charge of $38,500,000, while for the fiscal year prior to the war, out of a total current expenditure of $127,000,000, only $13,000,000 was expended for interest. The annual revenue that will have to be found from taxation and other sources is thus $307,000,000, or almost three times the ordinary pre-war revenue.

It is evident that the expenditures to which the country is already committed are very large and entail a heavy burden upon the tax-payers. The credit of a government has its limits just the same as the credit of a private individual, and the Dominion Government should be extremely careful that no expenditures are undertaken which will tend to weaken its present high standing. "The problem in this country during the next few years," said one of the Dominion Ministers lately, "is going to be retrenchment wherever it is possible to retrench. There must be retrenchment." If there is to be retrenchment, there must be an end to the creation of Government credits, which have had the effect of raising wages abnormally, resulting in still further increases in prices. The exigencies of war made it necessary to incur many obligations regardless of their cost, and the country is now face to face with the duty of retiring the credits, which were thus rendered necessary, out of the proceeds of industry and by the exercise of frugality.—Canadian Bank of Commerce Monthly Commercial Letter.