

The Chronicle

Banking, Insurance and Finance

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F. WILSON-SMITH, *Proprietor and Managing Editor.*
Office:

406-408 LAKE OF THE WOODS BUILDING,
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THE GENERAL FINANCIAL SITUATION.

(Continued from Front Page).

lateral is all industrial the rate is 6½. Time, money and mercantile paper also rule at 6 p.c. In their Saturday statement the New York clearing house banks reported a loan decrease of \$29,600,000, and a deposit increase of \$16,000,000. The excess reserve increased \$14,800,000—the total rising to \$51,500,000. Government deposits, against which no reserve is required, decreased \$70,000,000.

WHAT VICTORY LOANS MEAN TO CANADA.

By E. R. Wood.

One year has elapsed since we prepared to subscribe the first Victory Loan (our fourth loan) issued in November, 1917. We then realized clearly, and for the first time, that Great Britain had reached the point at which she was compelled to borrow funds in the countries in which she is making her war purchases. This was, and is, an extremely important consideration for Canada, because our activities, prosperity and assistance in the war, depend almost entirely on our ability to market our factory and farm products in the United Kingdom.

When we were asked to subscribe to the Victory Loan we were enjoying what we may term the prosperity of war, due to the vast volume of orders placed in Canada by the United Kingdom. These war orders were, and are, the backbone of our general position.

The great business activity resulting from the issues, created additional funds for investment. In due course, it afforded sufficient surplus funds in our own country to finance, not only the requirements of war, but also credits for the United Kingdom and loans to our provincial governments and municipalities. During the first eight months of 1918, Canadian investors having taken the large Victory Loan of last fall, have also been able to finance our provinces and municipalities to the extent of \$60,000,000, as mentioned above. In addition \$50,000,000 of the 1917 Victory Bonds have changed ownership, being bought by bona fide investors from holders who found it necessary or desirable to lessen their holdings. This wide and continued interest in the Victory Bonds is no doubt due to some extent to the fact that the Canadian people have been educated by the Victory Loan campaign to invest their savings in Dominion Government Bonds.

It ought to be clearly understood that in approaching our next Victory Loan, we are faced with an equally serious situation. Only by the complete success of our 1918 Victory Loan can we continue to finance our requirements and carry on generally in the way we have during the past seven months.

Our prosperity during the past year was a direct result of the response to the loan issued last fall.

The continuance of our prosperity during the coming year will depend upon the degree of success achieved by the Victory Loan of 1918. Unless we do even better than a year ago, we will jeopardize the prevailing prosperous conditions and activities which, in turn, allow us to participate freely in the conduct of the war.

There is not a legitimate reason why on this occasion we cannot better the results of the previous Loan. We have done well in the past, both in the aggregate and per capita. At the same time, we realize that our position in Canada is a fortunate one, compared with that in European countries which are in the immediate zone of war. No one can reasonably contend that we have yet achieved the best possible results in regard to the raising of War Loans. The evidence of better latent efforts are apparent on every hand. It remains only to organize and give effect to them. For example, while the total bank deposits in Canada on 30th November 1917 were \$1,547,000, they had decreased to only \$1,541,083,788, on 31st July, 1918, a comparatively trifling decline of under \$6,000,000, while the deposits in Canada at 31st July, 1918 are \$160,000,000, greater than 31st July, 1917. This excellent record was achieved despite the subscription of the 1917 Victory Loan of \$416,000,000, despite the absorption of \$50,000,000, of those bonds sold by holders during this year, who desired to realize, and despite the purchase by our investors of \$60,000,000, provincial and municipal bonds. These are substantial indications of Canada's ability to subscribe another large Victory Loan, because the national activities allowing the nation to make such a record as outlined above, have continued in a marked degree, making it possible to repeat and better the 1917 Victory Loan and general record of the country.

FARMERS IN SASKATCHEWAN AND THEIR CREDITORS

In sections of Saskatchewan, where the crops this year have been exceedingly poor, Hon. Mr. Motherwell, Minister of Agriculture for the Province, has announced the willingness of his department to assist in every way possible as intermediary between farmers and their creditors.

Many such farmers find themselves actually unable to discharge their liabilities. The situation is complicated in a further degree by the Board of Grain Supervisor's order prohibiting farmers on a number of railway lines from shipping what grain they have out of the province, and by the fact that the banks, mortgages companies and others who have been crediting the farmers are anxious to get their assets in good shape because of the coming Victory Loan, with its great demand upon the cash assets and the credit of the whole country.

Mr. Motherwell's idea is not at all that the Department of Agriculture shall propose to deny creditors the right to collect; the idea is that the department will simply act as intermediary in negotiations between farmers who are not in a position to clear off their indebtedness and their creditors, and possibly to allay harsh measures that might be taken. It is vitally necessary that the creditors of farmers in the drought area should not force them too rigorously and so prevent their operating on an equal or greater scale next year.

The service which Mr. Motherwell announces, that his department stand ready to furnish to the best of their power, is one which is in the national interest.