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A BANK'S READY RESERVES.

THROUGHOUT the tight money days of 1906-1907 there were grumblings both loud and deep from the general business community. Not a few merchants and manufacturers saw no reason why every Canadian bank's "bottom dollar" should not have been brought away from London and New York in response to home demands. Such complainants overlooked the essential part played by foreign assets in maintaining ready and adequate reserves. However, the United States crisis of October, 1907, brought pretty general recognition of the wisdom of such provision being made by Canada's bankers. Here and there, however, surprise is still expressed that reserve holding are so largely kept out at call in London and New York.

The reasons for such practice have been time and again pointed out by banking authorities, and were last year referred to in Parliament by the Minister of Finance. To keep all reserve funds idly locked up in bank vaults would be an expensive matter for the banks—and in the long run for their home customers.

THE COSTLINESS OF IDLE GOLD.

ISOLATED as they are from the world's great monetary marts, Australian banks keep large reserves of actual gold. According to the Sydney Daily Telegraph, it costs the banks of the Commonwealth $3,000,000 a year to keep up their funds of idle metal and their circulation of gold coin. In the last analysis, of course, it is the banking public that shoulders the burden. And in this connection, our antipodean contemporary says that Canada gets along just as well with its lesser use of gold—"in fact, rather better," it concludes. Experience appears to have shown that—with their emergency provision of cash in vaults—Canada's banks can keep a considerable proportion of funds abroad without disadvantage or unfairness to anyone. In fact, with profit and advantage to all concerned.

Very little was heard during 1908 in criticism of the amount of funds placed abroad by Canadian banks. The demand for current loans during months of trade quiet was not pronounced. Ordinarily it is only when a customer wants a loan and can't get it, that he begins to grumble at what the banks are doing for "furriners." At present the demand for current loans in Canada is reviving steadily. But it has been gradual thus far, and immediate business requirements are still away within resources available.

CALL LOANS AT HOME AND ABROAD.

WHATEVER of complaint has as yet revived is not now from commercial and manufacturing interests, but from those who consider it strange that call loans abroad should be increased by some $10,000,000 during May, while such loans in Canada (during a month of stock market activity too) should have actually decreased. Those making such a criticism are apt to overlook various circumstances. For one thing, loans placed with Canada's limited stock market constituency cannot be looked upon as immediately available under all conditions. When calling foreign loans, Canadian banks have only to consider the prompt getting of their funds—the effect, if any, upon the international monetary situation does not directly concern them. In the narrow Canadian field, however, a general call for funds might bring financial disturbance that would seriously affect business conditions throughout the country.

Call loans in Canada cannot be classed with those placed abroad, in respect of availability—nor, consequently, in the matter of rates charged. It is because the latter form a quick reserve fund that they are left in London and New York at various rates which at present run far below the comparatively steady rates charged in Canada.

Had the banks materially reduced the Canadian market rate during May, it is altogether likely that stock loans might have increased to an extent that would have brought a larger interest income for the month—but the avoidance of any danger of a runaway market was rightly a more important consideration than immediate profit from such a source.