

latter for the whole period would be approximately 70 per cent.

In war time governments practically monopolized the bond market and because of the patriotic appeal were able to obtain more money than would normally go into bonds. In 1931 and in 1932 governments are again occupying most of the field.

The two periods in which government demands showed the most marked decline, about 1911 and 1927-1928, happen to have been highly constructive periods in Canadian business, but whether a relationship of cause and effect can be traced would require careful analysis of many elements.

Another way in which the financial demands of governments become a factor in the money markets is through the assistance obtained from the chartered banks.

While much of this assistance is in the way of temporary financing, in anticipation of the collection of taxes, a large amount is continuously outstanding and makes a permanent demand on bank resources.

Then the banks hold substantial quantities of government securities,

some of these being long term bonds and others treasury bills. Whether these securities are purchased as attractive investments for bank funds, or are taken over at the request of governments, which might otherwise have temporary difficulty in financing, they absorb a proportion of bank resources.

On the average in 1913 bank loans to Provinces and Municipalities stood at \$40,423,000, while the monthly average in 1931 was \$147,042,000.

Government securities owned in 1913 averaged \$33,178,000 and in 1931 \$609,218,000. In these latter totals there may be included some securities of governments other than Canadian but the amount would probably be comparatively small.

Securities of and loans to governments represented 4.8 per cent of the total assets of the banks in 1913, but 24.6 per cent of the much larger assets in 1931.

In several recent months the aggregate outstanding under the above headings has been over \$800,000,000, when "Other Current Loans and Discounts in Canada," representing general business loans, stood at only a little over \$1,000,000,000.