

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,
Proprietor.ARTHUR H. ROWLAND,
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10-cents.

MONTREAL, FRIDAY, FEBRUARY 15, 1918

OUR WAR BORROWINGS.

When the Victory Loan has been paid up, practically 70 per cent. of the Canadian Government's war borrowings, will have been made in Canada. With the prolongation of war, and the issue of another domestic loan, say, next fall, this proportion will probably be increased. While the exchange situation may render further borrowings in the United States desirable, they are not likely to be of such a size as to have a marked effect upon the present proportion of domestic loans to the whole of war loans—a proportion that can only be considered extremely satisfactory. Reckoning the Victory Loan at \$390,000,000, which, it is understood, is the amount of this loan accepted by the Minister of Finance, war loan issues in Canada total \$740,000,000, out of a present amount outstanding of \$1,047,612,029. The balance is made up of \$175,000,000, issued in the States, \$107,612,029, issued to the British Government, funding temporary borrowings made early in the war, and \$25,000,000 issued in the London market early in 1915.

BRITISH GOVERNMENT CREDITS.

Thus, while at the outbreak of war, practically every dollar of Canadian Government debt was held abroad, at its ending, whenever that may be, a very considerable proportion will be held in Canada. Moreover, to a substantial extent, this Canadian-held debt will represent loans by the Canadian Government to the British Government. These credits to the British Government have now reached the stage, where they are well in excess of the charges incurred by the British Government on the Canadian Government's behalf, in regard to troops overseas. An official statement published in the *Money Times* Annual, shows that to October 31st last, advances by the Canadian Government to the British Government were \$403,000,000, while the advances in London by the Imperial Government to the Canadian Government, after deduction of the \$107,000,000 referred to above, already funded, are \$270,972,131. The net balance in favor of the Dominion at the date named was thus over \$132,000,000, a balance that will doubtless be substantially increased as a result of new credits from the proceeds of the Victory Loan. Additionally, the banks hold British treasury bills to an amount apparently, in excess of \$200,000,000. About \$100,000,000 of these bills become due in April and June of this year; whether they will be met at maturity or renewed remains to be seen. The wheat loan of \$100,000,000, negotiated last November, runs for a year, with the privilege of renewal for another

year. Thus through the Canadian Government's advances and the advances by the banks, a substantial credit balance has been built up by Canada with Great Britain, the value of which will be best appreciated, in the days when there is a settling-up of war accounts, and our export trade is reduced through the cessation of war manufactures.

MONTREAL CITY AND DISTRICT SAVINGS BANK.

A substantial increase in both deposits and holdings of Government bonds is reported by the Montreal City and District Savings Bank for the year ended December 31st last, in spite of the demands upon savings accounts, which must have been quite heavy, in connection with the War Loan flotations of last year. The present report shows the Bank's deposits at the maximum level of \$32,956,769, a gain approaching \$900,000 over the \$32,198,708 reported a year ago. In the last two years, since the close of 1915, the increase in the Bank's deposits approaches \$4,000,000.

All of the year's increase in deposits and more has been employed in the purchase of Government war bonds and similar securities. In other words, small savings have been directly employed through this Bank in war financing. The facts make a concrete example of the practical importance at the present time of thrift and the systematic saving by the individual of small amounts. The Bank increased last year its holdings of Dominion and Provincial Government bonds by over \$1,000,000 to \$5,635,633. Two years ago the Bank's holdings of these securities was only approximately \$760,000. Holdings of municipal and other bonds show little change in comparison with 1916. Cash is increased by nearly \$650,000 from \$5,171,644 to \$5,614,347, call and short loans being reduced by about the same amount from \$8,438,842 to \$7,776,755.

The year's net profits were \$222,190, compared with \$221,757 in 1916. The amount brought forward from the previous year, \$172,309, makes a total available of \$394,498. The dividend on the paid-up capital, which has been increased from \$1,000,000 to \$1,200,000 during the year, absorbs \$165,475, and \$15,000 is contributed to patriotic and relief funds, leaving the increased balance on profit and loss account of \$214,023 to be carried forward.

Following the annual meeting this week, Hon. R. Dandurand was re-elected president, and Mr. Richard Bolton re-elected vice-president for the coming year. Mr. A. P. Lesperance continues as manager.

GREAT BRITAIN'S WAR EXPENDITURE.

The total disbursements by the British Government to December 31st, 1917, from the beginning of the war amounted to £6,285,066,129, including loans to Allies and Dominions amounting to something over £1,260,000,000. Against this expenditure, £1,482,603,453—about 23 per cent.—has been raised by revenue, the remainder coming from borrowings.

For the nine months of the fiscal year to December 31st last, the British Government's revenue reached £400,650,303, an increase of £107,509,692 upon the corresponding period of the preceding fiscal year. Of this revenue considerably more than one half came from the "excess profits" tax, £148,845,000 and income tax, £68,337,000.