

# Bank of Montreal

Established 1817

Capital Paid Up .....	\$16,000,000.00
Rest .....	16,000,000.00
Undivided Profits .....	1,232,669.42

## BOARD OF DIRECTORS

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Bankers in Canada and London, England, for Dominion Government.

Branches established throughout Canada and Newfoundland; also in London, England; New York, Chicago, Spokane and Mexico City.

Savings Departments at all Canadian Branches. Deposits of from \$1.00 upwards received, and interest allowed at current rates.

A general banking business transacted.

C. SWEENEY,	W. H. HOGG,
Supt. of British Columbia Branches Vancouver.	Manager, Vancouver.

# THE Merchants' Bank of Canada

ESTABLISHED 1864

HEAD OFFICE, MONTREAL

Paid-up Capital - -	\$7,000,000
Reserve Fund - -	\$7,248,134

President.....Sir H. Montagu Allan  
Vice-President.....K. W. Blackwell

E. F. Hebden, General Manager

T. E. Merrett, Superintendent and Chief Inspector

221 Branches in Canada, extending from the Atlantic to the Pacific

Agents in Great Britain: The London Joint Stock Bank, Ltd.; The Royal Bank of Scotland

New York Agency.....63 and 65 Wall Street

**General Banking Business Transacted**  
**Savings Departments at all Branches**

Deposits received of One Dollar and upwards, and interest allowed at 3 per cent. per annum.

## VANCOUVER, B. C.

Granville and Pender Streets	G. S. HARRISON, Mgr.
Hastings and Carrall Streets	FRANK PIKE, Mgr.

for in the item "bills discounted" both commercial and Treasury bills are included. But an official German statement issued at the end of last week gave the amount of commercial bills as £71,000,000, and it is by deducting this from the total of "bills discounted" that the figure of £73,000,000 for the German Government's debt to the Reichsbank on Nov. 23 is arrived at.

It was in the middle of September that the German war loan was issued. The response was a tribute to the patriotism and intelligence of the German people, as well as to the excellence of the emergency machinery created for the war, also to the comparative poverty of that country's resources. There was issued £50,000,000 of 5 per cent. Exchequer bonds, redeemable in 1920. The total of the loan authorized was £250,000,000, and in addition to these £50,000,000 of Exchequer bonds, £150,000,000 of war loan proper, 5 per cent. bonds at 97½ also, irredeemable for ten years was subscribed. The subscriptions were assisted by the operation of the war credit bureaus, which enabled subscribers to obtain cash for otherwise unsalable goods and securities. But the bulk of this accommodation was only temporary, and the loan must be regarded as a genuine popular success.

It is in the nature of the subscriptions that we see the poverty of German resources in liquid capital compared to those of England. No less than £45,000,000 came from the savings banks and their depositors, a source which Mr. Lloyd George took particular pains not to touch here. While the minimum subscription allowed to the English war loan was £100, no less than 900,000 applications for the German war loan were of less than that amount. From the amount borrowed by the German Government during the first two months of war, Germany's war expenditure seems to be about £2,000,000 a day. The war has now lasted 120 days, and if the expenditures have kept up at that rate the whole of the receipts from the war loan must be exhausted. On that assumption the Government must either issue a new loan, which it appears not to propose, or borrow from the Reichsbank again.

The Reichsbank can lend it great sums. It is now allowed to issue notes without having to redeem them in gold, up to three times the amount of gold and Treasury notes held. This item in its return of Treasury notes consists chiefly now of the notes issued by the war credit bureaus. On the basis of the last return, it could issue another £100,000,000 of notes without the present restriction being relaxed, as it might easily be. When the war loan is fully paid up, as it will shortly be, it may be expected that the note circulation will increase. Since the war began the Reichsbank's stock of gold has increased from £67,000,000 to £97,000,000 (including the £10,250,000 from the war reserve), and the note circulation from £94,000,000 to £200,000,000.

Thus it would seem that a considerable part of the German war finance is based indirectly on the issue of irredeemable notes by the Reichsbank, and that unless Germany can sell abroad more goods and securities (of the latter the bulk would be American) than the value of the supplies she imports, her war finance will be based to an increasing extent on such issue of notes.

In addition to the German Imperial finance referred to above, there are the measures taken by the constituent States of the Empire. Saxony and Bavaria are believed to have raised insignificant sums to meet local distress, as indeed have certain municipalities; concerning these little is known here. Prussia has issued £75,000,000 of Treasury bills, on terms unknown. They are to be handed over, it is said, to the Reichsbank, which will pledge them with the war credit bureaus (Kriegsdarlehenskassen) and receive notes of the bureaus, against which the Reichsbank can issue its own notes. If this operation be carried through, it will lead to further inflation of the note issue, and the elaborate trick would seem to show that Prussian authori-