

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXVIII. No. 48.

MONTREAL, NOVEMBER 29, 1918

Single Copy 10c.
Annual Subscription \$3.00



THE GENERAL FINANCIAL SITUATION

Sir Thomas White's announcement this week on the subject of credits to be granted by the Canadian Government for purposes of reconstruction indicate that no time is being lost at Ottawa in regard to measures having as their object the keeping of the wheels of industry moving, and the maintenance of a general high level of prosperity. It seems that Sir Robert Borden took with him to England, a memorandum prepared by the Minister of Finance, offering an extensive credit in Canada for the purchase of materials and supplies to be used in the work of reconstruction. This credit would be expended entirely in Canada, and as collateral the Government would accept the securities of an international commission backed by inter-Allied credit on the securities of one or more of the nations concerned. This proposal has already been taken up with the British authorities, and, it is officially stated, there is reason to believe that it has been well received.

This announcement suggests some very interesting developments. Part of the funds at least for such a credit will no doubt be provided out of the proceeds of the recent Victory Loan. Once such an arrangement got well under way, however, and was found to work successfully, it might be continued for some time, in which event further loans would no doubt be floated by the Government in order to provide funds for the granting of these credits. It has been evident for some time that after the conclusion of the war, one or two at least great national loans would be necessary in order to clear up the Government's financing of Canada's part in the struggle, though it does not follow necessarily that the same attractive terms would be offered as on the last two occasions. If, however, it is a case of raising money merely in order to lend it again at a rate of interest sufficient to cover the interest paid to bondholders, and possibly also expenses, there would be justification for the offering of attractive terms to bondholders and thus raise as large amounts as possible for the purpose of keeping the wheels of industry moving along smoothly. There is the possibility that in this way, Canadian industry might be kept going at full blast for two or three years over the most awkward period of demobilization and the diversion of the energy which during the last four years has been spent in the war into fresh channels, of peaceful construction. The fact that the Government, while waiving its authority to supervise the security issues of public authorities, has for the present retained its authority over corporation issues,

suggests that the arrangements here outlined have been in mind.

There is no doubt that a great effort to keep the wheels of industry and commerce running smoothly is not only a wise measure of statesmanship at the present time, but a most desirable one. Many competent observers of public affairs and students of political developments are impressed with the possibility of a spread of Bolshevik anarchy widely beyond the borders of Russia and Germany. There have been some sporadic signs that the leaven is at work on this continent. There is no better preventative of anarchy than a full dinner pail, and no better check to absorption in wild theory than steady occupation at good rates of wages. Undoubtedly, any measures taken by the Government having these objects in view will not only be of immense assistance in tiding over the transition period from war to peace, but will have a most valuable effect as an insurance for the future orderly progress and development of the Dominion.

The October bank statement, out this week, contains some interesting features. Striking advances are recorded in the totals of the banks' deposits, and while the growth of demand deposits is partly a sure reflection of a corresponding growth in discounts, the advance in savings deposits is an undoubted measure of increasing wealth and liquid resources. New high records were established last month in both demand and savings deposits, the former's total being reported as \$644,220,998, a growth for the month of \$55,280,879, and the latter as \$1,076,514,000, an advance of \$39,015,080. Compared with October, 1917, demand deposits show an advance of \$149,162,549 and notice deposits, one of \$90,723,150. The banks' circulation in October is also reported at a new high level of \$227,597,808, a growth for the month of \$15,973,952 and for the year of \$37,744,901. Current loans and discounts, on the other side of the account, for the first time in history crossed the billion-dollar mark, their total of \$1,003,593,603, marking increase for the month of \$60,791,585, and for the twelve months of \$119,606,743. The demands of the autumn season for increased credits are, of course, under present conditions greatly accentuated by the high prices of commodities. The high point of commercial loans and discounts was reached last year in October, and possibly the present statement similarly marks the peak of the rise this year. Commercial loans and discounts abroad

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