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Strength of our Banking Position. THE position of Canadian banks as to available reserves has been steadily strengthened during recent months. In view of present financial storm and stress in the United States, the wisdom of such a course seems now to admit of no reasonable doubt. The Government statement as to chartered banks at the end of September shows them to hold practically the same ratio of quick assets to liabilities as they exhibited a year ago. This is evident from the following comparison, in which all the thirty-five banks are taken as a unit. Entries between the banks themselves are eliminated, thus making the test more severe than is usual.

LIABILITIES (000's omitted).	Sep. 30, 1906.	Sep. 30, 1907.
Dom. Government deposits.....	\$ 4,154	\$ 5,355
Prov. " ".....	8,628	10,155
Deposits of public, demand.....	167,440	169,069
" " " notice.....	387,953	421,148
" " " abroad.....	55,287	60,319
Total deposits.....	622,562	666,046
Note circulation.....	77,309	79,455
Less notes and cheques other Canadian Banks—these being obligations of banks held by themselves.....	639,771	745,501
Net liability	25,615	32,887
Net liability	674,156	712,614
AVAILABLE RESERVES (000's omitted).	\$	\$
Specie and legals.....	60,360	72,811
Net foreign bank balances.....	18,854	4,833
Foreign call loans.....	63,772	63,159
	142,986	140,853
Per cent. of liabilities.....	21.1	19.7

At the end of the first quarter of the present year the ratio obtained by the above method was but 16.9 p.c. By mid-year it had increased to 18.6 p.c., while subsequent strengthening is evidenced by the September ratio of 19.7 p.c. To some, the banks' preaching of caution to their customers may have seemed in certain instances overdone; and their practice of late months unduly drastic. But there is present cheer in the assured stability of

the position attained, even though on some occasions too much emphasis may have been put upon the scarcity of money, unfortunately fostering the fear that there were not even funds to carry on the business of the country on a conservative basis.

In so far as the warnings and efforts of the bankers have been directed against too rapid and ambitious industrial and commercial expansion, the effect has been helpful to the general welfare. The business community, more especially perhaps in the West, under the stimulus of unusual prosperity has been prone to over-rapid expansion. Money that should have gone to meet current obligations was devoted to extensions of premises or enlargement of equipment—too often also, to mere land speculation. The very increase in banking facilities—afforded by the establishment of new branches called for by business growth throughout the Dominion—meant a certain amount of stimulation to the unprecedented activity of the country. To cry halt in the apparent hey-day of prosperity was not the easiest thing in the world for the banks to do. Possibly some of them did not do so soon enough—*humanum est errare*. Or they may be criticised again for too sudden a putting on of the brakes. But this is a case where (to shift the metaphor) it is better for the shoe to pinch for a time than it is for it to burst. That gradual stretching will ere long ease the pinching is, of course, to be hoped for. Now that speculation of all kinds has been pretty thoroughly checked, and security markets are at so low a level, the bankers may in the not distant future find that they can loosen out somewhat the resources which they have recently felt impelled to hold closely in hand.

Fortunately, Canadian bankers in general are not given to losing themselves in times when carefulness and alertness are needed. They have coolness of head and strength of backbone, and pursue