Monetary Times

Trade Review and Insurance Chronicle

of Canada

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One Year	Six Months	Three Months	Single Copy
$3.00	**$1.75**	**$1.00**	**10 Cents**

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

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PRINCIPAL CONTENTS OF THIS ISSUE

AMERICAN BANKS HERE

The suggested establishment of American banks in Canada is discussed on another page. No good reason seems to exist why foreign banks should not do business in another country without undue restrictions. It would, however, be disadvantageous to the interests of Canada if banks were permitted to do business here on other lines than those contained in our admirable bank act. In other words, our bank act is so well adapted to the requirements of this country that it would be a pity to have banking conducted within our borders on any other lines.

The Canadian banks supply all the facilities which are at present needed in Canada, but they would probably raise no objection to one or two of the large American banks establishing branches in Montreal or Toronto. It would, however, be impossible for them to do so and use the title "bank" without conflicting with the Canadian law.

The Canadian banks are permitted to do business only under license in certain of the States. They are not allowed to take deposits or do a regular discounting business, and are prohibited from using their notes for circulation there. These conditions would likely apply to any American bank operating a branch here.

The simplest way for any American bank to meet the situation would be to apply for a charter under the Canadian Bank Act. There is no banking monopoly in Canada. Any group of men can obtain a charter provided they comply with the conditions of the Bank Act.

The bankers of the United States are not likely to go into country banking in Canada. They might have branches in Winnipeg, Toronto and Montreal, more particularly in Winnipeg, on account of the grain connection which they have.

FINANCING OUR FOREIGN TRADE

Negotiations conducted by the Imperial Munitions Board at Washington have resulted in the placing of a large order for 75-millimetre shells to be produced by Canadian plants for the United States government. From 6,000,000 to 7,500,000 shells, under the arrangement, will be produced in Canada during the first seven months of 1918. The value of these orders is approximately $40,000,000.

The value of munition orders placed by Great Britain in Canada up to September last was $925,000,000 and by the end of this year the total will be $1,000,000,000. The orders from the United States will stimulate still further our industrial and general activities. They will help also to balance the changes made a few months ago by the Imperial Munitions Board in regard to the sizes of shells required by Great Britain. We must not overlook the fact, however, that Britain will continue to purchase vast quantities of our products as long as the war lasts, for war purposes, but only if we give considerable help in financing them. That is one purpose of our present Victory Loan. As Mr. E. R. Wood, of Toronto, has pointed out in his Victory Loan pamphlet, Britain has always been our best customer. She is our best customer now. She will be one of our best customers in the future.

Britain could sell back to us hundreds of millions of our securities and thus finance her purchases here, but we are unable to buy them back. We can, however, establish credits here, from month to month, by dint of thrift and economy and substantial investment in war loans.

The British food controller, and the grain commission, state: "We require your wheat, your meats, and other food products."