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BANKING RESOURCES AND BUSINESS.

An interim report on the Georgian Bay canal scheme is scarcely a publication that would be ordinarily looked to for a suggestive and stimulating discussion of Canadian banking phenomena and problems. Mr. Sanford Evans, the chairman of the commission which has under consideration this scheme, and who formerly had, if memory serves, a great deal to do with the placing of Winnipeg's finances on a satisfactory basis, takes, however, a wide view of his duties and rightly considers that financial facts, together with all other underlying facts, should be examined in a consideration of the problems affecting the distribution and division of commercial and industrial traffic. The result of his activities in this connection is a sketch which, we imagine, will be henceforth included among the select list of writings on the Canadian banking system which deserve attention and study.

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Mr. Evans devotes a good deal of attention to the subject of the banks' Canadian loans. The statistics of these for the years 1909-1915 inclusive show, he points out, that the peak load of loans is encountered by the banks, not in the autumn but in the spring months. With the aid of a little greater note circulation, with slightly larger deposits and with greater activity in the turnover, the banks can handle the autumn business and the moving of the crops with a smaller relative dead load than falls upon them when the activity of settlement declines after the turn of the year and it becomes necessary to carry over for several months what was not liquidated in the autumn. At present there is in Canada business pressure twice a year, in the early summer months and in the fall. Accordingly, Mr. Evans points out, if it should be decided that it would be in the interests of the Dominion that a larger proportion of wheat should be held over, so that excessive autumn marketings could be avoided, the question would arise whether,

with the present banking resources of the Dominion, it would be practicable to carry a much heavier load from January to May. This would lead to such other questions as to how banking resources could be increased, or how the business system could be altered to distribute the load better and to produce more frequent turnovers, particularly in the spring months.

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The question of the provision of more banking resources, if they were found necessary, and the possibility of their increase out of local financial supplies opens up a wide vista for consideration. Responsibility, Mr. Evans points out, would not necessarily fall solely on the banks. If present banking resources are not adequate to the needs of Canadian business, would it be wiser, he asks, to seek temporary additional resources to meet times of pressure or to increase the permanent resources which would then become a permanent annual charge upon the country? Or—a further alternative—should a complete or partial solution of any difficulty that may exist be sought in changes in business methods and in the speeding up of the financial machinery. If the business system of the country is such that long terms of credit are granted, and if, because of so much one-crop farming, many series of outstanding credits can be liquidated only once a year, then the same total of financial resources will accomplish much less than under a system of more frequent settlements. It is obvious that with loans averaging six months in length, that the effectiveness of a given amount of banking resources devoted to them would be double what it would be were the loans of an average length of a year, and if they were only of an average length of three months, it would be quadruple. It will be seen that Mr. Sanford Evans goes down to fundamental problems. After the war, it will probably be more than ever necessary to recognize that problems of finance are inseparable from problems of development and of distribution.