

"Now, I do not for one moment minimize the seriousness of the situation that has suddenly developed in Canada because of the war. We were in a bad enough way before the war added to our difficulties. Especially is this true in the West, where the farmers have mortgaged their lands in order to effect improvements, or where they have simply been buying their lands on a mortgage basis. And the same holds equally true for real estate in the cities.

"Many of these debtors simply cannot meet principal payments; and if they should be forced to sell it will be at a price that may involve their ruin. I believe the proper expedient is to give honest debtors the time they require. Let the case be decided by a judge, or other impartial arbitrator. To a great extent the loan and mortgage companies have the matter in their own hands. It would be foolish of them to load up with real estate and thus increase their non-liquid assets. I believe they will in the vast majority of cases be satisfied with interest payments; and these at least should be met in order to keep faith with lenders in Europe. I emphasize again the fact that it is most desirable to keep our credit good, and preserve the national honor. The war should not be used as a cloak to cover unfair practices. Nevertheless, if this war lasts for six months or a year longer, it is difficult to see how we are to escape adopting some sort of expedient of releasing debtors from immediate obligations—that is, we shall be obliged to extend 'days of grace.'

"As far as the financial legislation of the Government is concerned, I approve of it. The suspension of specie payments may be justified as a war measure. It is true there was no indication of a run on the banks; but there might have been, especially among the foreign and uninformed elements.

'So, too, I approve of Mr. White's policy of increasing the uncovered amount of legal tenders. He was obliged to get money, and to get it at once. As the money markets of the world were for the moment demoralized the method he adopted was justified. Only we must be careful not to push it too far. Otherwise gold will go to a premium, and the increased paper prices will weigh heavily on the poor and upon the working classes.

"I think that it was a wise policy also to permit the banks to receive additional legal tenders on the basis of approved collateral security. As far as I know, this privilege has been availed of to only a small extent; but it might prove very valuable to all concerned.

"In conclusion, I may say that the economic condition of the company might be a great deal worse. This is no time for sounding a note of pessimism and despair. Especially should the industrial and financial leaders of the nation prove their right to leadership by strong and courageous action. As far as the Canadian Bank of Commerce is concerned, I can assure you that it is protecting its customers and all who have a legitimate claim for financial existence. While we are not developing new undertakings we are protecting and conserving the interests of the old. We believe that our strong financial condition and the policies of the Government permit us to do so. And I believe that the chartered banks of Canada as a whole will rise to the occasion in a patriotic and courageous way. But the people, and especially the farming element must co-operate in this work.

The times are difficult, but if we are true to ourselves and bend every effort toward increasing our output of foodstuffs and raw materials which the markets of the world demand and must have, I believe we shall successfully surmount every obstacle. The people must, however, realize the seriousness of the situation and exert every effort to preserve the economic stability of the nation."

## Banking Accommodation and the War

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holders. The plan, therefore, is somewhat as follows: The Dominion Government to take over from the banks certain prime loans in amounts limited by the needs of the situation without recourse to the banks, the banks acting as agents for the Government; to pay for these loans with its own currency, and thus permit the banks to take on new loans where justified by sound banking, and thus increase the amount of currency in circulation and at the same time afford relief to the business interests which are in so much need of increased banking accommodation.

This measure would have the effect of reducing the banks' liabilities by the amount of the loans taken over by the Government and permit of greater latitude in handling the business of the Dominion. To a certain degree this is already practiced, for the banks can and have taken to the Government its own securities as security for new note issues, but that retards the operation of this currency by making the banks responsible for the currency they have taken out. It does not reduce the banks' liabilities, only in one case there is the liability to the public and in the other there is the liability to the Government. The expedient we propose resorting to relieves the banks of the liabilities for the loans, and acting as agents for the Government makes the banks morally responsible for the businesslike handling of the loans thus taken over.

Some two years ago Mr. D. R. Wilkie, president of the Imperial Bank, and then president of the Canadian Bankers' Association, in an address said that the day was not far distant when a bank of discount would have to be instituted to handle the ever-increasing difficulty of providing the business of the country with adequate discounting facilities and at the same time providing the country with a sufficient currency which might be automatically expanded and contracted as the needs of business demanded.

At this crisis when the large private credit institutions are doing everything in this power to keep the wheels of commerce and industry turning, a judicious use of the great power of the Government might further help to expedite a recovery in business throughout the entire Dominion.

## DEVELOPMENTS SOON TO BE UNDER WAY

It is expected that work on the drydock of the Amalgamated Engineering Company in North Vancouver will be started shortly after the turn of the year.

The work of dredging the ship's basin of the Dominion Shipbuilding Company, North Vancouver, will commence within a few weeks. Delays were experienced due to difficulties in getting materials on account of war conditions.

The report of Ralph Modjeski, the consulting engineer in regard to the Second Narrows bridge, is expected to be handed in some time this month. On the basis of this report it is hoped that the Burrard Inlet Tunnel and Bridge Company directors will arrive at a conclusion and award a contract for its erection.