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THE GENERAL FINANCIAL SITUATION

The net result of the meeting of the Minister of Finance with the financial communities of Montreal and Toronto is apparently that the voluntary arrangement for the restriction of the import of securities formerly held abroad will be continued for the present, although doubtless in the absence of a legal enforcement of this measure, to which legal enforcement, the Minister is apparently opposed, a certain amount of importation will still go on by those who do not feel bound by this arrangement or are content to ignore it. While theoretically, both this arrangement and continued control of the price of Victory Bonds may be open to considerable criticism, there is little doubt that present circumstances justify both measures as a matter of expediency. The criticism which has been lately heard in London regarding this arrangement that through it Canada is missing an opportunity of marketing her crops by taking securities in exchange, overlooks the fact that Canada cannot now afford to sell extensively goods on credit. The marketing of this year's crops is indeed a vital matter to the Dominion, since completion of this operation, probably means a revival in business activity through increase of purchasing and investment power. But in our view, it would be preferable that this year's crops should be marketed comparatively slowly, rather than they should be marketed more rapidly simply by means of credits. At the Montreal meeting one critic of the Minister light-heartedly expressed his willingness that the Canadian dollar should go to a discount of 50 per cent. in New York, on the ground that thereby purchases by Canada in the United States would be effectively restricted. This is simply theory run mad, in view of the fact that while our purchases in the states undoubtedly comprise many luxuries, they also include such vital necessities as coal and cotton. With the present exchange adding something over a dollar to the cost of every ton of American coal purchased by the Canadian consumer, we are inclined to think that there will be few who will share the light

heartedness of this critic on the subject of New York Exchange.

While the marketing of the crops is, of course, the main source from which must come any increase in Canada's liquid resources, there are some indications that relief from the present situation will in due course be obtained elsewhere. The announcement that an arrangement has been concluded between the banks and the British Government for the repayment of outstanding credits, given by the banks for purchases by the British Government in Canada during the war and amounting to \$150,000,000, this amount to be repaid by instalments within the next eighteen months is an important one in this connection. The repayment should make a distinct addition to the resources of the banks available for loaning in Canada. Incidentally, the arrangement is an interesting commentary upon the continued determination and ability of the British Government to liquidate as quickly as possible obligations incurred abroad during the year.

The September Bank Statement continues the story of recent months. There is a moderate increase in notice deposits, and a much larger one in current loans and discounts. Naturally, the peck of pressure in current loans, as a result of the crop movement is not seen until October, so that the next bank statement is likely to show a very large increase over the September figures. As it is, current loans and discounts at the end of September, reached the new high record figures of \$1,417,520,756, a growth for the month of \$32,050,603, and for the year of no less than \$358,948,554. Notice deposits show an expansion for the month of \$8,552,374, to \$1,270,194,097, their increase for the year being \$42,756,382 — figures which in comparison with the year's increase in notice deposits make eloquent evidence of the way in which demands for credit have outstripped the capacity of the country for new and permanent savings.

The small September increase in the banks' call loans in Canada is interesting. It is only \$1,070,