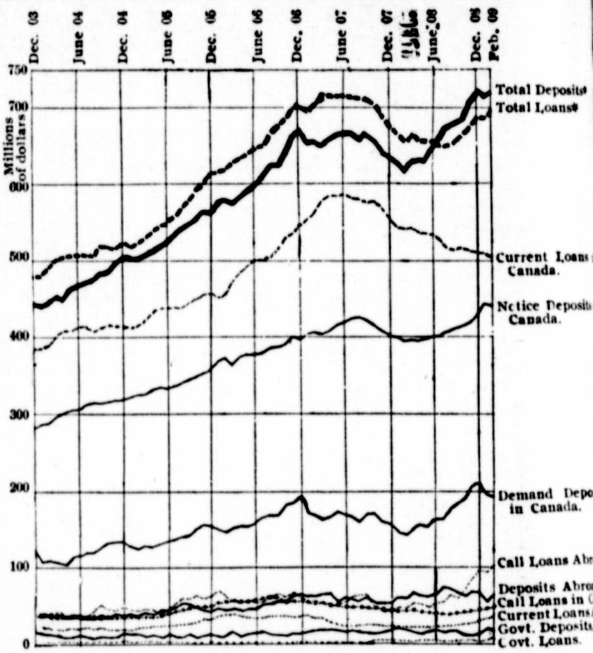
SOME BANKING DEVELOPMENTS OF THE PAST FIVE YEARS.

I: Expansion and Contraction of Loans in Canada.

By June, 1907, the monthly statements of the Canadian banks had begun definitely to foretell the coming turn in business developments at home and abroad. Up to that time, current loans in Canada had increased unprecedentedly during a full decade of business expansion. Three months or so before mid-year, far-sighted bankers had already begun to strengthen their proportion of ready assets; but not until July, 1907, did restriction of domestic loans and discounts really begin. At the close of June, 1907, that item stood at the highmark of nearly \$587,000,000—since when, as is shown graphically by the accompanying chart, there has been a practically uninterrupted decline of almost \$80,000,000.

Restriction of commercial accommodation in Canada did not begin until after there had been a lessening of the volume of foreign loans and discounts and also of bank balances abroad, as well as of call loans in Canada. Care was taken to disturb commercial business as little as possible during the process of reserve-strengthening that was undertaken early in 1907. The New York crisis of October, 1907, found the Canadian banks with sails already well reefed, and the storm was weathered in a manner that well justified the preparation made against its coming. During the autumn, call loans abroad were sharply reduced (see chart and table), and the banks temporarily held unusually large amounts of actual cash. The storm over, these idle funds were again gradually put out for market use—until, at present, the banks have over \$100,000,000 of their funds placed as call loans. These, of course, remain readily available, and a considerable part will gladly be brought back by the banks for use in commercial loans so soon as an effective demand materializes for such accommodation. It is to be hoped, however, when the next period of trade expansion arrives, that the business public will realize more clearly than it seemed to do in 1906-07, the impossibility of the banks' transferring *all* their foreign call loans into commercial channels. Surely the necessity of keeping adequate reserves (of which foreign call loans make up an important part) has been clearly enough shown to convince the most chronic grumblers. At present, however, reserves are considerably greater than the utmost conservatism would require—owing to the lack, as yet, of a sufficiently effective demand for current loans and commercial discounts.

The line tracing the course of current loans on the accompanying chart slants downwards through January and February—though the line indicating total loans has moved upward since about mid-year 1908, owing chiefly to the increase in call loans abroad. But the decrease in current loans in Canada is not to be taken as disproving the belief that steady, though gradual, business recovery has lately been in progress. It will be noted that the opening month or two of the year is generally characterized by some decrease in outstanding commercial accommodation—following January and February settlements. That the boom year of 1907 shows no such "dip" in the curve furnishes only the exception that proves the rule.



* Including Dominion and Provincial Government.

With continuance of the gradual trade quickening now in evidence, the March bank statement may be expected to show signs of the movement of money back into commercial channels. But, for a time, this is likely to be seen in the decrease of deposits rather than in any marked growth of loans. Between March 1st of last year and March 30th of this year, aggregate bank deposits increased by wellnigh \$100,000,000—this piling-up being due partly to trade quiet, though largely also to proceeds from Canadian security flotations abroad. These same flotations, as has been before pointed out, have had not a little to do with recent decreases in the loan accounts; provinces, municipalities and corporations have been able thereby to liquidate their previously standing indebtedness to the banks.

DOMINION COAL COMPANY'S ANNUAL MEETING.

At the annual meeting of the Dominion Coal Company, held yesterday, the directors' report for 1908, showed total assets of \$28,288,780, as compared with \$26,724,650 at the close of 1907. Liquid assets amount to \$4,195,929, while floating liabilities amount to \$620,506, so that the liquid assets exceed the floating liabilities by over \$3,500,000. Net proceeds from all sources amounted to \$2,686,202, as compared with \$2,094,539 for the previous year, an increase of nearly \$600,000. After the payment of interest on bonds, dividends on the preferred and common stocks and other charges, amounting in all to \$1,086,039, there was a balance of \$1,600,162, which, however, includes the excess price paid by the Steel Company for coal during the year, amounting to some \$1,200,000. Allowing for this, there is therefore a surplus for the year of \$400,000.

The total surplus amounts to \$4,253,471, as against \$2,828,308 at the end of 1907. This amount includes the total excess price paid by the Steel Company