

23.—Assets and Liabilities of Small Loans Companies and Money-Lenders, 1960-63

Assets and Liabilities	1960	1961	1962	1963
	\$	\$	\$	\$
Assets	549,397,569	589,671,958	677,428,408	735,660,587
Small loan balances.....	391,548,554	426,157,274	482,246,944	530,030,909
Balances, large loans and other contracts.....	143,809,201	149,610,423	179,888,234	187,336,161
Cash.....	7,136,432	6,114,919	5,924,323	7,999,302
Other.....	6,903,382	7,789,342	9,368,907	10,294,215
Liabilities	549,397,569	589,671,958	677,428,408	735,660,587
Borrowed money.....	446,112,043	477,639,594	553,914,368	598,496,241
Reserves for losses.....	10,966,543	11,603,200	13,202,526	14,962,448
Paid-up capital.....	39,495,327	42,375,438	45,030,972	48,358,329
Surplus paid in by shareholders.....	390,390	390,390	407,390	449,865
Earned surplus.....	20,107,677	25,195,896	29,462,148	34,409,797
Other.....	32,325,589	32,467,440	35,411,004	38,983,907

The combined companies showed an increase in the amount of business done in 1963 compared with 1962. The number of small loans made to the public during 1963 increased from 1,304,155 to 1,380,063 or by about 6 p.c., and the amount of such loans rose from \$700,906,537 to \$769,648,673 or by about 10 p.c. The average small loan made was approximately \$558 compared with \$537 in 1962. At the end of the year, small loans outstanding numbered 1,112,851 for an amount of \$530,030,909 or an average of \$476 per loan; comparable figures for 1962 were 1,055,266, \$482,246,944 and \$457, respectively.

Gross profits of small loans companies and money-lenders before income taxes and before taking into account any increase or decrease in reserves for bad debts decreased from \$30,517,560 in 1962 (\$19,781,761 being the profit on small loans and \$10,735,799 the profit on business other than small loans) to \$29,175,023 in 1963 (\$19,137,385 being the profit on small loans and \$10,037,638 the profit on business other than small loans).

Subsection 3.—Foreign Exchange

The dollar, established officially as the currency of the united provinces of Canada on Jan. 1, 1858, and extended to cover the New Dominion by the Uniform Currency Act of 1870, was defined as 15/73 of the British gold sovereign.* That is, the par rate of exchange between the dollar and the pound sterling was fixed at \$4.866, making the Canadian currency the equivalent of the United States dollar at parity. With minor variations between the import and export gold points representing the cost of shipping gold in either direction, the value of the pound sterling in Canada remained at this level until the outbreak of World War I. The United States dollar, on the other hand, was at a discount in terms of Canadian funds for the first eleven years after Confederation since it was not redeemable in gold from February 1862 to January 1879. On the basis of gold equivalents it would appear that the greatest monthly average discount on the United States dollar after Confederation was approximately 31 p.c., reached in August 1868. From 1879 to 1914 the dollars of the two countries remained at par, varying only within the gold points or under \$2 per thousand.

On the outbreak of World War I, Canada and Britain suspended the gold standard. For some weeks both the pound and the Canadian dollar rose to a premium in New York. Subsequently both fell back with the pound going to a slight discount. In January 1916 the pound was officially pegged at \$4.76 in American funds. This level was maintained with the help of funds realized by sales of United States securities owned by residents of Britain, by borrowing in the United States and, after the American entry into the War, by the United States Government financing Allied purchases in that country.

* The gold sovereign remained the standard for the Canadian dollar until 1910 when the currency was defined in terms of fine gold, making it the exact gold equivalent of the United States dollar. Both British and United States gold coins were, however, legal tender in Canada for this whole period.