

23.—Assets and Liabilities of Small Loans Companies and Money-Lenders, 1962-65

Assets and Liabilities	1962	1963	1964	1965
	\$	\$	\$	\$
Assets	677,428,408	735,660,587	797,271,316	899,510,592
Small loan balances.....	482,246,944	530,030,909	575,126,976	627,526,360
Balances, large loans and other contracts.....	179,888,234	187,336,161	203,473,461	238,469,695
Cash.....	5,024,323	7,999,302	6,546,020	10,602,031
Other.....	9,368,907	10,294,215	12,124,259	22,912,506
Liabilities	677,428,408	735,660,587	797,271,316	899,510,592
Borrowed money.....	553,914,368	598,496,241	647,138,005	728,802,326
Reserves for losses.....	13,202,526	14,962,448	17,895,299	19,843,853
Paid-up capital.....	45,030,972	48,358,329	49,044,243	51,749,884
Surplus paid in by shareholders.....	407,390	449,855	443,370	5,443,994
Earned surplus.....	29,462,148	34,409,797	27,671,201	38,817,315
Other.....	35,411,004	38,983,907	45,079,198	54,853,220

The combined companies showed an increase in the amount of business done in 1965 compared with 1964. The number of small loans made to the public during 1965 increased from 1,469,694 to 1,556,294 or by about 6 p.c., and the amount of such loans rose from \$837,636,532 to \$904,651,318 or by about 8 p.c. The average small loan made was approximately \$581 compared with \$542 in 1964. At the end of the year, small loans outstanding numbered 1,245,921 for an amount of \$627,526,360 or an average of \$504 per loan; comparable figures for 1964 were 1,165,236, \$575,126,976 and \$494, 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 \$29,829,874 in 1964 (\$19,205,033 being the profit on small loans and \$10,624,841 the profit on business other than small loans) to \$27,521,976 in 1965 (\$16,633,703 being the profit on small loans and \$10,888,273 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.