

# BRITISH COLUMBIA FINANCIAL TIMES

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It is pleasing to note that the position that this Journal has taken with regard to the subject of a moratorium, even limited to mortgage loans and agreements for sale, has been but the echo of the opinion held by all the credit institutions, the business interests generally, and of the Government of the Province. Through quite a wide and thorough canvas we have ascertained that practically all of the mortgage loan companies and the great mass of individuals that loan money on this class of security are not pushing the borrowers for repayment of principal when maturing during this trying period.

The Manitoba Free Press, Winnipeg, has been pleased to quote us on this subject. That Journal has used its great power to prevent the enactment of a law on this subject,—but unavailingly. In the exceedingly thoughtful and comprehensive review of economic conditions given by Sir Edmund Walker to the press, which we publish in another column, he states that the enactment of a moratoria is serving notice on our creditors and the world that we have come to the end of our resources. We firmly believe that we have a considerable distance yet to go before that point is reached.

While the financial markets of the world for the present are closed to us for purposes of borrowing, it is not likely that the Dominion will be entirely denied funds for moderate development. It is true perhaps that the present conditions will obtain for some months until the machinery of exchange is rebuilt, and the mechanism of credit will be re-established. But by spring a decided change for the better will have been effected, and business will be going on as nearly normal as it could possibly under war conditions.

In the United States financial conditions are much more disturbed than they are in Canada. Exchange has gone to unheard of rates, and persist in remaining high because of the moral embargo placed by their bankers on the exportation of gold. The United States wishes to ship merchandise rather than gold, and they have held back gold on the belief that they could export sufficient goods to make that unnecessary. Such up to the present has been impossible. Nevertheless in the course of a few months the readjustment will be completed and both goods and gold will be flowing freely. The United States will soon have to take back a huge amount of short term obligations and have

to absorb a large amount of securities held in England, which will begin as soon as the securities markets can be safely opened in both London and New York. This pressure will be persistent so long as Great Britain needs the money for war purposes.

In view of the liquidation by Europe of American securities and taking into consideration the huge requirements for their own capital improvements and expenditures, it would appear that the United States would be a poor place to go to borrow money.

The United States government has served notice that it considers money as contraband of war, and that therefore making loans to belligerents is a breach of neutrality. This statement in the words of the Wall Street Journal, need not be taken too seriously. New York bankers took this means of politely saying that the country could not finance any belligerent loans. Through the Monetary Times the American Secretary of State was interviewed as to the application of this policy to Canada, and he replied that so far as the Dominion Government was concerned it would apply.

But a change is bound to come, if not through the Government, at least through the financial and commercial interests whenever they will be prepared and able to finance their own commerce. Under the full operation of the new banking act which is to be put in force some time during the present month, the ability of the United States to finance their own commerce will be greatly augmented, and for purposes of stimulating their own trade they will likely be able to finance some of their customers.

Canada is one of the best customers the United States have. We buy in the neighborhood of four hundred million of dollars of goods annually. We have financed this business hitherto by borrowing from England. This method is now very much circumscribed. We are now in the attitude of informing the American salesmen that we will be pleased to buy their goods if they will lend us the money to pay for them. We will be very much astonished if a very respectable flow of securities of industrial companies, municipalities, and perhaps provinces, does not ensue during the coming year.

On the other hand by no means is the movement of immigration to the Dominion to be stopped by the operation of the war. It is certain to be impeded, but it cannot be stopped. The great economic development of the Dominion will continue so long as the opportunities remain. The great rise in food products as a consequence of the war will prove the greatest stimulus to agricultural development that could possibly be administered. And as in the United States much more acreage will be put under the plow during 1915, so in Canada the same will be true. But in addition there is the great tracts of plains yet awaiting the plow made available by the railway transportation, and these will continue to attract settlement as in times past. The completion of the Grand Trunk Pacific in this Province is already proving this by the small but persistent and continuous stream of settlers now going into the territory tributary to that railway.

It might be wise at this particular juncture for the Provincial Government to establish an immigration department and use greater efforts, particularly in the United States, for an agricultural immigration into our great hinterland and along the line of the new Pacific Great Eastern.