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THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

period, of railway construction in the Dominion. Canada may be "over-railroaded" in some few sections, but in other quarters facilities are obviously insufficient, and judicious railroad expansion now will allow for a normal healthy industrial development later. It is understood that the U. S. Railroad Commission has recommended loans approaching \$125,000,000 to the weaker roads for use in the purchase of equipment.

There is no easing of the monetary situation locally. The Montreal Stock Exchange has made the $7\frac{1}{2}$ per cent. interest rates on clients loans mandatory, and bankers are reported as continuing to scrutinize commercial loans and discounts with extreme care. So far in fact, there appears to be few signs of the materialisation of easy money conditions with the advance of the spring, which had been expected in many quarters. In New York conditions are much the same, having very little prospect, according to representative New York bankers, of any easy money over the summer. It seems that commercial borrowers, alive to this fact, are arranging now for needs from one to three months hence. Commercial paper rates in New York are very firm with the market quoted $7\frac{1}{2}$ to $7\frac{3}{4}$ per cent., which means that the commercial people who have to go to the New York market for accommodation are paying 8 to $8\frac{1}{4}$ per cent. for this money.

A New York banker, talking to The Chronicle the other day, volunteered the frank opinion that London is fast regaining its financial supremacy, and that it is merely a question of time, and not a very long time, before New York loses the temporary supremacy it obtained as a result of the war. Complaint is made, said this banker, that American bankers have not been using their opportunities during recent years. But in fact, he explained, they were not able to use them owing to the conservatism and provincialism of the American investor, who can see no further than his nose,—in other words, prefers a local mortgage to a British or other foreign bond. Within the last year, for the selling of what foreign bonds have been marketed in the United States, the most powerful banking

syndicates possible to be organized have been got together. The best and the largest selling organizations have been turned loose on the job. The bonds themselves have been as extraordinary investment inducements as any investor ever set eyes on. Yet, said the banker, it is no secret that in almost every case of attempted foreign government flotation, the operation has been anything but a success. The bonds have been sold after a fashion, but that is all. The banker referred to was loud in his praise of British capacity for taking wide views financially, and of British willingness to build for the future without any immediate glory or results,—in fact British willingness to subordinate the claims of the present generation to the future is something which, in the bankers opinion, was absolutely un-American. "This tribute to British capacity was an unexpected and entirely spontaneous one, and is of distinct interest in view of its source. By all accounts the Allies are now considering plans for international loans, to discount the German indemnity, which loans will be floated without the aid of the United States. It is obvious that successful maturing of such plans, would have a considerable effect in heightening London's prestige.

PUBLIC ISSUES OF CAPITAL

The speculative craze that has been so much in evidence, and which is largely due to the heavy profits being made in certain industries of the country, has brought a new and inexperienced class of shareholder into the field, and though many of them are purely speculators, they include some genuine investors, who ought not to be deprived of the full disclosure of material contracts and other documents, which the Act contemplates for their benefit. There are signs that the pendulum is beginning to swing back to healthier money conditions, and the sooner it reaches that state the better it will be for business and the country as a whole. The country needs the help of all genuine investors with cash in their pockets to improve the financial position of the nation by supporting first the State gilt-edge securities, and next those industrial enterprises seeking money solely for an extension of trade. In some cases, in the latter category, there may be good reasons for appealing to the public through an issuing house, but there should be still the same necessity for full disclosure. There is, however, another class of issue that should be carefully scrutinised and that is the existing company which has written up its assets on a revaluation to the present-day high basis of values, and appeals to the public for money on the new valuation. The day will almost certainly come when values will drop considerably, and then there will be the inevitable need for the reconstructor's pruning knife.

The Secretary.