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THE STATIST AND CANADA

In view of the unwarranted attacks which have been lately made upon the Dominion by some foreign critics, the survey of Canadian financial affairs which recently appeared in the London *Statist* is not only of interest but of importance. In London, the *Statist* occupies an unique position. With one exception there is no financial or economic journal which approaches it in influence among the higher circles of British finance. Its opinion regarding the situation here and probable lines of development will have more weight with those who own and control enormous amounts of British capital than all the efforts of the smaller fry who have been so insistent of late, and to whom indeed perhaps we ourselves are inclined to give more attention than they deserve.

Of the many points developed by the *Statist* in its argument for a sanely optimistic view of the Canadian situation, there are two to which attention may be particularly drawn as of outstanding importance. "In considering the credit of Canada," the *Statist* writes, "investors should not fail to take into account the important fact that the large amounts of the capital recently borrowed in this country have been for what may be termed foundation purposes, and that the amount of capital required in future in proportion to production will not be nearly as great as hitherto." Some of our most energetic critics appear to have overlooked this fact entirely, though to anyone who is reasonably well acquainted with conditions in Canada, it should be fairly obvious. It is indeed hardly going too far to say that a contributory reason for the present stringency of funds in Canada is the fact that so large an amount of capital is sunk in enterprises which have not yet reached their reproductive stage. Of necessity time is required before enterprises will begin the reproduction of wealth, and it may quite fairly be anticipated that in due course the vast majority of the Canadian enterprises entered upon during recent years will yield very handsome returns to those who are concerned with them, and that, when that stage is reached, it will be possible to add largely to their productive capacity at what will be small cost in comparison with the primary expenditure which has been made.

Some interesting observations are made by the *Statist* in regard to the much discussed question of the borrowings of the Canadian municipalities. The *Statist* suggests that while in the interests of the

credit of Canada as a whole, ways and means would be found by the Dominion Government to aid any municipalities who had incurred greater obligations than they could take care of at the present time, that it may be found advisable in the future to follow the British precedent of creating a Local Loans stock with a Government guarantee. That is to say, a Government loan would be issued, whose proceeds would be devoted solely to loans to the smaller municipalities. The advantages claimed for an arrangement of this character are two-fold; the smaller municipalities are able to borrow on much more favorable terms than they could otherwise, and the Government, through the administrative department controlling the Local Loans stock, as it might be called, would be able to keep an eye on the municipalities and check any tendencies to extravagance through, if necessary, the withholding of funds. Curiously enough this suggestion by the *Statist* coincides with a proposal by Mr. Sanford Evans, the ex-mayor of Winnipeg, at the annual convention of the Union of Canadian Municipalities, for the control of municipal financing by a Local Government Board, while elsewhere we refer more fully to a proposal elaborated by Mr. Vere C. Brown, of the Canadian Bank of Commerce, for the appointment by each of the prairie provinces of a municipal commission by whom all expenditures for local improvements by urban municipalities would have to be approved. The link between these three proposals, put forward quite independently of each other, is the recognition of the fact that in the interests of the municipalities themselves some kind of systematic supervision of their borrowings by an impartial and detached administrative body is required. In each case the object aimed at through different means is to enable the municipalities to borrow for their legitimate requirements more readily; to make their securities the more easily marketable. It is obvious that the requirements of the municipalities say during the next decade, and for the mere purposes of providing the necessities of communal life—water, drains, roads and pavements, and so on—will be enormous, and the point which has thus been simultaneously raised certainly deserves close attention with a view to action along approved lines. Neither so-called municipal banking, nor the peddling out of bonds in small quantities among local investors is likely to prove an efficacious remedy for the troubles of the municipalities through tight money—the former indeed is likely to do much more harm than good.