

CAPITAL INVESTMENTS IN CANADA

—VI.—

OTHER FOREIGN COUNTRIES

By Fred. W. Field.

Dutch money is being placed in Canada in the purchase of agricultural land and in mortgages. One of several mortgage companies formed in Holland is arranging to advance loans on mortgages in the prairie provinces at the rate of from \$750,000 to \$1,000,000 a year. In 1910 Professor Mansholt, of the Dutch Agricultural College, and Mr. A. H. Hartvelt, a capitalist of Rotterdam, were visitors to Canada. Mr. Hartvelt came as the representative of Dutch capitalists and proposes to purchase many thousands of acres. He says that Canada is comparatively unknown in Holland, but considers there is an admirable outlet for Dutch capital, and has large projects in view.

Early this year the Netherlands Mortgage Company was proposed in Amsterdam for the purpose of investing Dutch money in Canada. Some of the promoters had a conversation with Sir Charles Fitzpatrick, of Ottawa, and as a result, it is alleged by Mr. W. T. R. Preston, Canadian Trade Commissioner at Amsterdam, the company was not incorporated. The reader is not concerned with the personal merits of this incident, but happily confidence was re-established among some of the parties and the chief promoter visited Canada in April, 1911, to seek openings for Dutch capital. The wealthiest and most important of the previous syndicates refused to enter the new combination, although it is to be sincerely hoped Canada will later benefit by their capital.

Cautiousness of the Investor.

The following is an extract from a letter addressed by Judge W. H. de S. Lohman, of The Hague, dated December 2nd, 1910, to Sir Charles Fitzpatrick, of Ottawa. It is printed because it throws interesting light on the admirable cautiousness of the European investor:—

"The reasons of my withdrawal are chiefly the following:—The opinion of Sir Fitzpatrick is that there is in Canada certainly opportunity for doing business, but he believes that at this moment it is not advisable without consideration to start business, because the value of the land is not quite real, and after some time will decline in value.

"He was also of opinion that if one will insist on a security of 50 per cent., our bank could not realize $7\frac{1}{2}$ per cent. interest, because with a similar security money can easily be obtained at 5 per cent.

"He further deemed it of the greatest importance that those who may engage in the management should be personally acquainted with the country before starting, and to make it dependent on the experience obtained there whether business should be started now or later. One of the greatest risks he saw in the necessity for a bank doing business. A private person, he told me, who is not in a hurry has all opportunities of investing his money safely and getting a good interest; a bank, however, runs the risk that bad securities are put in its hands and therefore it is very necessary that the managers of the bank themselves are thoroughly acquainted with the situation in Canada, and especially with agriculture.

"Mr. Fitzpatrick is a person who on account of his position and his past deserves confidence in a high degree, and may be deemed to possess a thorough knowledge of the situation in Canada. I cannot doubt the correctness of his statements; whether they are of sufficient importance to wait some time in accordance with his opinion is another question. However, the uncertainty about the business must be sufficient for me as a member of the Judiciary to necessitate my withdrawal, though nobody else could be blamed, if, in assuming too favorable results, a hazardous enterprise was started against the advice of a competent expert.

"As to this, I repeat what Sir Fitzpatrick said to me expressly, that Canada has a good future and offers a good opportunity for doing safe business. If, however, our bank should be less prosperous I could never be personally free from the reproach that one, whom I ought to consider a competent expert, had warned me in vain in proper time."

It is almost certain that in due time the Dutch capitalists will not only accept the advice of Sir Charles Fitzpatrick, but will also invest their money in Canada on the advice of Canadian Trade Commissioner.

Investments of Belgium.

Lands, loans and to a small extent Canadian railroad securities appear to be attracting Belgian capital. Several Belgian companies this summer have made considerable purchases of Western prairie lands and British Columbia fruit lands. Mr. F. de Jardin, of Antwerp, is associated with the formation of three companies handling Belgian capital in the Dominion. One mortgage company, with headquarters in Antwerp, has during the past two years lent about \$2,000,000 on mortgages in the West.

Belgium has a surplus population and an over-supply of money. Each year the postal savings banks record total savings of \$200,000,000. Mr. Brunner, head of the private banking house of Brunner at Brussels, who recently visited Canada, told me he estimated that at least 10,000 Belgians are now residents of this country. He thinks that fact and the fact that financiers of Belgium are becoming more interested in the resources and investment possibilities of the Dominion will divert several millions of capital from his country into Canadian channels.

Norway, Austria, Russia and Turkey.

Little Norwegian capital is invested in Canada, although a fairly large settlement of Norwegians is established in the vicinity of Wetaskiwin and Red Deer, Alberta. The number is increasing rapidly. This means the inflow of more money into Alberta, although it represents only small amounts invested in farming operations.

Austria has practically no investments in Canada, although the question of interesting Austrian capitalists in Canadian lands is being considered. The fact that that country contributes largely to the emigration stream to Canada may be a contributory factor to investment at a later date. Reimbursements for corn, which is sometimes exported from Canada to Austria, are probably made through Belgian bankers.

Twenty shares of the Quebec Railway Light, Heat and Power Company are held in Spain.

The chief Russian investment is that of Doukhobors in many acres of land in the Kootenay District, British Columbia. A colony has been located in that province, and four hundred Doukhobors recently left the Yorkton District of Saskatchewan to take up land in the settlement. They find the climate there more suitable for them, and, even if the holdings are smaller, the returns are good from fruit and general farming. The value of their investment is approximately \$1,500,000.

Canadian Securities in Turkey.

Canadian government and railway securities have found their way to Turkey. I learn that one bank at Constantinople not long ago purchased \$3,000,000 worth of these bonds. This was done with a view to diversifying the investments of the bank in question. The introduction of capital in Turkey is rather jealously watched. A few months ago the German foreign office commenced an inquiry regarding certain concessions in Asia Minor long in negotiation between the Turkish government and Rear-Admiral Colby M. Chester, U.S.N., retired. The admiral represents, it is said, a group of American financial interests, including, it is understood here, the Standard Oil Company. Recently Baron Marschall Bieberstein, the German Ambassador at Constantinople, represented to the Porte that for the Turkish