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Banking, Insurance and Finance

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THE RAILROAD PROBLEM.

The deciding factor in the solution of the railroad problem which has been precipitated into the limelight in the past two weeks, is necessarily the financial one. It is inconceivable at this time that matters should be allowed to drift along to such a pass that either the Grand Trunk Pacific or the Canadian Northern would be compelled to go into the hands of receivers. To allow that would be to permit, and even invite, the greatest blow to Canadian credit that it has ever suffered, the effects of which would be felt by every Canadian would-be borrower, from the Dominion Government downwards, for years to come. There is unanimous agreement as to the necessity of avoiding such a *contre-temps*. The problem then is to choose the best method of avoiding it. What is at present proposed by the Government is temporary aid, pending a complete study of the problem with a view to obtaining in the course of some months a permanent solution. This is obviously the best way of dealing with the matter at the moment. The issues raised are too momentous to be decided by any hasty action at a time when the Dominion Government is assuming unprecedented and, relatively, exceedingly heavy obligations in connection with the war, while on the other hand, it is equally apparent, as the Minister of Finance pointed out this week, that some definite and conclusive solution ought to be found.

The tone of the speech of the Minister of Finance on Monday suggested that the Dominion Government has gone some way towards making up its mind that the best solution of the problem lies in the direction of the nationalisation of either or both the Grand Trunk Pacific and the Canadian Northern. It is not surprising in the circumstances that the Government's mind should turn towards nationalisation, as a way out of present difficulties. But we fancy that a good many business men must have rubbed their eyes when they reached Sir Thomas White's statement that in the solution of the present problem

"there may be involved the larger issue of nationalisation of all the railways of Canada." The bare possibility of a Government monopoly of Canadian railroads is decidedly startling, and we doubt very much if public opinion throughout Canada is at all prepared for such a revolution. Nationalisation of the Grand Trunk Pacific and the Government's financial control of the Canadian Northern might be acquiesced in, but only if it could be conclusively shown that this is the only way out of the present financial tangle. There is a good deal of difference between following this course, practically as a result of *force-majeure*, and voluntarily entering upon such an enormous undertaking as would be the taking over by the Government of all the Canadian roads, or even their financial control.

THE CHRONICLE, as is well known, is not particularly enamoured of Government activity in commerce. Its disadvantages, in comparison with private enterprise, are too patent. If Canada's credit can be safeguarded and the railway problem solved permanently by other means than nationalisation so much the better. But in dealing with this matter every other consideration must give way to the vital necessity in these days of financial un-entitlement and enormous war expenditures, of maintaining Canada's credit at the highest possible level, and in order to avoid a greater evil, it may be necessary, in the circumstances to accept a lesser.

BANKING AND LIFE INSURANCE.

An interesting idea is reported from St. Louis, where a short time ago one of the local banks began an advertising campaign, the main *motif* of which is the encouragement of life insurance policyholders and those desirous of taking out life insurance to make provision for premium payments by means of small bank deposits made at regular intervals, thus enabling the buying of life insurance on the easy payment plan. The bank in question states that it does not expect to reap any direct benefit from the boosting of life insurance. But, if the idea appeals to the public, the bank will, of course, derive benefit from the temporary deposits thus made, and from the impetus to systematic saving given to others than life insurance policyholders or prospects as a result of the advertising. In any case it will be interesting to see if this experiment in co-operation is carried further.

BANK EMPLOYEES ON ACTIVE SERVICE.

Roughly, the number of employees of military age in the Canadian chartered banks on the outbreak of war was 14,341, says the Journal of the Canadian Bankers' Association. The number of these who joined the colours to March 31, is approximately 4,980, this being equal to a percentage of 34.72.