

## CANADA AND CAPITAL.

(Sir George Paish).

It is evident that in the current twelve months Canada's exports of manufactured goods for war purposes will reach a very large total. Having regard to the greatness of the crop, the high price ruling, as well as the heavy orders placed in Canada by the British Government for war materials of all kinds and descriptions, we should not be surprised if the value of Canada's exports in the current twelve months were nearly twice as great as they were in the twelve months to the end of August. Moreover, were the country at the same time to maintain the severe economy practised in the past twelve months and to keep down its imports, the excess of exports over imports would be a long way in excess of the \$150,000,000 needed to meet interest payments on foreign capital.

### DESIRABILITY OF ECONOMY.

The extent of the excess of exports over imports will indeed be governed mainly by the economy practised by the Canadian people. If they recognize that economy in Canada will be of very great value to the Empire in its existing struggle, doubtless they will continue to be economical. If they are economical they may not only be able to pay the whole of the interest upon British capital employed in Canada by means of their exports, but may have a substantial sum to lend to Great Britain or to use in paying back to the mother country the capital she has supplied. That such a possibility is desirable will, we are sure, be recognised by no one more freely than it will be by the people of Canada. Were it possible for the Canadian people during the war to keep down their home expenditures and to redeem some of the capital previously supplied to Great Britain, their position after the war would be greatly strengthened.

### CAPITAL AFTER THE WAR.

Of course, no one is able to forecast the situation after the war, but most people anticipate a great emigration to Canada of men who, as soldiers, have led an open-air life, and who are not willing to return to offices, mills or mines. If this expectation is realised, Canada will then need a good deal of new capital to take care of the newcomers. Therefore, if during the war she strengthens her financial position by repaying a part of the great sum of capital obtained prior to the war, her ability to get new capital after the war will be very much increased. Indeed, she will be able to get the capital for herself in some measure by re-selling to the British people the securities she may now be able to buy. There is, moreover, a further reason for economy. It is obvious that the British people cannot continue their present great purchases of goods from abroad unless they are able to pay for some of them, at any rate, in securities. The United States has shown her willingness to take payment in securities for substantial amounts of goods, and the Allies will necessarily purchase goods from those countries which are able and willing to take securities in payment rather than from those which demand payment in cash. The securities which Canada could take when she has the large favorable trade balance we expect she will have in the current season, with her great crops and large output of manufactured

goods, will be her own securities, either Canadian government or municipal, or railway or industrial. Of course, Canada might prefer to subscribe to a British government loan issued jointly in the United States and Canada, free of income tax. But that is a matter that can be discussed when the trade balance of Canada is large enough to enable her to purchase securities. If her people, with renewed prosperity, expand their consumption, it is obvious that Canada may not have a trade balance more than sufficient to provide interest on the foreign capital employed by her. Should Canada refrain, however, from further railway construction or town-planning or other works entailing large expenditures, and the Canadian people continue to be economical in their domestic expenditures, it is possible—indeed, probable—that during the war Canada may be able to purchase back from Great Britain a large part of the securities which British investors have purchased in recent years.

### AUSTRALIA LENDS A HAND.

The Australian Commonwealth's second War Loan issued in February achieved as remarkable a success as did its first loan and the War Loan issued by the Canadian Government last November. The Commonwealth offered £10 millions at 4 1/2 per cent., and received subscriptions of £22 millions. The first loan of £5 millions attracted subscriptions of £13 millions, so that altogether Australia has subscribed to her own War Loans an amount of £35 millions—say 175 million dollars. What this means in energy and patriotism will be better understood if it is borne in mind that Australia's population is not more than five-eighths the population of the Dominion and that her wealth is correspondingly less. To the last loan there were about 28,500 individual subscribers compared with 24,000 to the Canadian loan. Fine as this record is, Australian newspapers now to hand complain that only 2 per cent. of the possible subscribing population actually did subscribe to the last issue. The largest subscriber, a life insurance company, put down \$6,250,000, three banks and another life company, \$5,000,000 each. In addition to raising these large loans, by next June Australia will have raised her contingents to a total of 300,000 men—one-half the estimated number of men of military age in the Commonwealth.

### WAR CONTRACT BOND TROUBLE.

Surety companies which have been extensively writing war contract bonds in the United States are reported to be having their share of trouble. The Mexican affair adds a spice of complication to the business, various supplies which had been intended for the Allied Governments having been diverted as a matter of policy to the Mexican border on receipt of a "hurry up" order from Washington. The fact that motor trucks intended for Russia have been doing good service in Mexico is not much consolation to the surety company which has a \$100,000 bond out guaranteeing delivery of the trucks to Russia by a certain date. Considerable trouble to the surety companies is also being given through refusal of the Allied Governments to accept goods as not up to specifications.