

LONDON'S INDIGESTION.

In some respects the items of news now coming to hand, regarding the condition of the London market for Canadian securities, are somewhat confusing. Thus we read on the one hand of important issues by our corporations in the cases of which the underwriters were obliged to take large percentages of the whole—from 60 to 85 per cent—and on the other hand, the quoted rates for money in London are exceedingly low. Usually when money is cheap and abundant conditions are favorable for the flotation of new securities. But at present there is considerable comment on the other side of the Atlantic upon the undigested state of several recent Canadian issues and it is commonly understood that our financiers have been given an intimation that it will be best for them to go slowly for awhile in the matter of forwarding new bonds and stocks to London. It is known also that several issues of securities by Canadian corporations in good standing, which were to have been offered in the British capital, have been deferred for a more favorable season.

Here in Canada we cannot understand why there should be any diminution of consequence in the flow of capital from Britain. We hear of railway companies, industrial and mercantile corporations, municipalities, provincial governments—all of them being regarded as thoroughly responsible for whatever obligations they undertake—applying to the British investor for funds for necessary or desirable purposes, and we cannot see why they should not get what they need. The bonds are sound and good. Why then should they not be taken readily?

A glance at the London Economist's review of the new security creations for the half year will give the reader an idea as to one cause of the temporary loss of appetite for Canadian bonds and stocks. It has been pointed out that the total of new capital emissions financed by London during the first half of 1910 has exceeded the whole total for 1909, and nearly equals the total for 1908. It exceeds by more than 50 per cent. the total for the whole year 1907. The sum amounts to £183,000,000. Very nearly one-seventh of the whole sum—£26,518,200 to be exact—consisted of Canadian securities. It is to be noted that Canada was supplied with three-fifths as much as was provided for the United Kingdom itself. We took from London nearly three quarters as much as the United States obtained. This speaks eloquently of the excellent position we have attained in the world's greatest financial market. Some Canadians, who do not perhaps give due consideration to all the circumstances, think Canada should get quite as much capital from London as the United States get. They argue that as the Dominion is an integral part of the Empire the financiers at the Imperial capital should be disposed to favour Canadian borrowers. And so they have been doing. But it should be borne in mind that the British investing classes have been accustomed for many years to look upon the United States as one of the most important of the investments fields open to them. During the last half of the nineteenth century British money poured into the United States—into railways, factories, breweries, land,

and a dozen other forms of investments. During that time also Canada was a rather uninviting field. Population was almost stagnant and progress and development proceeded at a slow pace.

But now all that is in a fair way of being mended. Our advancement in wealth, population, and material well being is proceeding at a rapid pace. And, because we belong to the Empire the British investor is disposed to give us exceptionally favored treatment. If we were an outside people, not connected by blood or sentiment to Britain, it is safe to say that we should not have got so large a proportion of British funds as we received in the first half of this present year.

But, while admitting these facts and the further point that, to the Britisher, Canada, as one of the great fields of investment, is a comparatively new discovery, we fail to understand why the present moment, in particular, should be chosen for the cutting off, in however slight a degree, of the flow of British capital to Canada. Certainly conditions in the Dominion afford no grounds for the adoption just now, on the part of the British investor, of a policy of negation and inactivity in regard to Canadian investments. On the contrary all the recognized barometers of a country's conditions—the bank statements, the returns of transportation companies, etc.—go to show that the present time in Canada is one of prevalent activity and general expansion—thoroughly healthy in character. Canada's growth and prosperity are based upon solid foundations, which are being strengthened year by year. At the bottom of Canada's steadily growing trade and commerce is a wonderful array of resources—wheat, cattle, pasture and dairy produce, forests, fisheries, coal and iron, water power, the precious metals, other minerals of every kind—and it is because of the varied nature of these resources, and because the Dominion's trade and commerce is not based upon any one crop or industry, but is broad-based on many, that the future of the Dominion is absolutely assured and certain.

To investors abroad Canada can always offer sound security, and, in comparison with the rates ruling in the principal European centres, a very profitable rate of interest. On the Canadian Stock Exchanges prices now are low, for reasons which have nothing to do with the conditions of the country's trade generally, and it would appear that those investors, British or otherwise, who purchase at the present time will, in the future, reap substantial advantage from their action.

AT THE REQUEST of the Government French Chambers of Commerce have lately been considering the question of starting a direct steamship service between Havre and Canada. Previous failures are recalled, but the Havre Chamber suggests a fortnightly service to Quebec and Montreal in the summer and a three-weekly one to Halifax in the winter. A substantial subsidy covering a period of 12 or 15 years is suggested. "It would be patriotic," observes the report, "to encourage a certain number of French agriculturalists, especially of Normandy and Brittany to go to Canada."