

THE CANADIAN POSITION

That the position of Canada is a highly favored one, with an assured future growth, development and general prosperity, was the conclusion of Mr. H. V. Meredith, president of the Bank of Montreal, in his instructive address to the shareholders on Monday. Mr. Meredith analyzed the national and international positions and pointed to many facts, the knowledge of which must tend to a happy combination of conservatism and optimism. The restoration of a favorable trade balance, as he pointed out, is a factor of supreme importance. It enables us to conserve our gold supplies and to curtail our borrowings abroad to some extent. Reckoning the imports and exports of Canadian products only, the favorable balance for the seven months of the fiscal year to the end of October last amounted to \$73,323,000. *The Monetary Times* thinks it quite proper to include, in figuring the trade balance, the imports and exports of foreign merchandise handled by Canada. This gives us a favorable balance for the twelve months ended October last of \$128,870,000. Naturally, war contracts have contributed substantially to this expansion, the value of manufactures exported having risen from \$39,000,000 in the first seven months of the last fiscal year to \$84,000,000 in the same period of the present year, and, as in the case of cereals, this export trade is on an ascending scale.

In noting the gratifying success of the recent Canadian loan, Mr. Meredith pointed out that, in the nature of things, Canada is and must long continue to be a borrowing country, with large annual commitments for interest and principal payments which can be met only with gold or commodities. Largely owing to the strength of its banking position, Canada is at present able to bear this strain without curtailing the supply of credit and capital for business requirements. But obviously there is a limit, as Mr. Meredith said, to the conversion of floating into fixed capital without impairment of banking resources, and it is most desirable that, as far as possible, our borrowings should be effected in outside markets in order to avoid the depletion of bank deposits or a too great redundancy of the circulation of Dominion notes, as in either or both contingencies the whole financial fabric might be seriously menaced.

In other words, we cannot change from a heavy borrowing country to an important lending country within a few months. At the same time, with the aid of greater production and of proper economy, especially on the part of our governments and public authorities, we can improve materially the national position and do a greater part in prosecuting our share of the war. The addresses of Mr. Meredith and Sir Frederick Williams-Taylor are printed in full on other pages and are well worthy of close perusal.

A NEW COIN?

In the silver refineries of Ontario last year 913,778 pounds of cobalt oxide were produced. Until the outbreak of war, trade in cobalt was good with England and the continent of Europe. There is now little prospect of a revival of the demand for cobalt on a large scale until war gives place to peace. The chief use of cobalt has been in the form of oxide for the production of cobalt blue and in the manufacture of porcelain, enamelled ware, etc. Experiments are being made with cobalt with a view to

its use as a substitute for nickel in the plating of metallic objects, and it may find employment in the making of alloys, notably of steel.

Mr. T. W. Gibson, deputy minister of mines, Ontario, has a suggestion which deserves consideration. The five-cent piece is the least desirable of our Canadian silver coins, mainly because of its smallness in size and the consequent difficulty in handling it, and especially of distinguishing it from the 10-cent piece without close ocular examination. Why should it not be replaced by a coin made of pure cobalt, intermediate in size between the 10-cent piece and the 25-cent piece? asks Mr. Gibson. Such a coin would have many advantages. It would be readily distinguishable from all other coins. It would be attractive in color, pure cobalt being similar in appearance to pure nickel, but somewhat more silvery, and tarnishing slowly, if at all. Being very hard, it would be difficult to counterfeit. Lastly, the chief source of cobalt being for the present in Canada, a cobalt coin would be distinctively Canadian, and its introduction would strike a chord to which the national consciousness would readily respond. The coin could be called a "cobalt," just as the United States 5-cent piece of copper-nickel alloy is called a "nickel." By comparison, however, a pure cobalt coin would be greatly superior in appearance and every other respect to the so-called "nickel," which contains only 25 per cent. of that metal.

There appears to be no serious objection to Mr. Gibson's suggestion. The chief obstacle to such innovations is the breaking away from precedent and custom, but this is a country where such things are reputed to take second place to practical considerations.

GERMANY'S OUTLOOK

Several comparisons of the financial policies of Germany and Great Britain have been made in these columns. That of Germany bears the marks of recklessness and improvidence. None of the money required for the war has been raised by increased taxation, and each successive loan means fresh inflation of the currency, which shows itself in a steady rise in prices. The more this procedure is persisted in the more will prices rise, and as Lord Inchcape pointed out in London last week in his inaugural address as president of the Institute of Bankers, all official attempts to fix maximum prices, though they may be successful for a time in regard to individual commodities, will be powerless to meet the situation. The task of redeeming the securities and retiring the notes will be left for an exhausted and defeated nation to face after the conclusion of peace. The British government has resisted all attempts to unsound methods.

Finance and economics are playing a very important part in this war, and in favor of the Allies. Every week Germany's position becomes worse. Now and again, despite the rigid censorship extending around the German empire like a steel wall, we hear echoes of the complaints which must be becoming numerous in the Fatherland. Maximilian Harden, editor of *Die Zukunft*, of Berlin, in the latest issue of his newspaper, received in London, for instance, tells his countrymen that they must expect a war of exhaustion. He ridicules the German talk about Swedish intervention and the idea that Russia will conclude a separate peace. He says he considers it no sign of strength that the German government steadily refuses to disclose "its war aims," and blames the government for making "too much noise" about food regulations.