

BRITISH WAR FINANCE

When Premier Asquith, at the end of July, asked and obtained the authority of the British house of commons to spend £450,000,000 on the war, the aggregate amount voted was up to £2,832,000,000. The July credit will probably last until October, when the war will have continued for a period of 26½ months. The cost of the struggle to Great Britain averaged £45,250,000 per month in the first eight months of the war and £118,500,000 per month in the ensuing six months. During the first seven months of the current fiscal year, the average cost will probably be £150,000,000 per month. Chancellor of the exchequer McKenna stated in the British House that the actual outgoings now exceed £6,000,000 a day. It had been thought that the total expenditure would not exceed £5,000,000. The unforeseen and unforeseeable causes which raised the rate of expenditure to the new height during recent months, were: (1) The rate at which American securities were sold to the government to regulate American exchange; (2) the rate at which advances to allies and dominions were drawn upon. The concurrence of these causes led to the exhaustion of Britain's borrowing powers under the war loan act, 1915, earlier than was anticipated.

Of the latest vote for £450,000,000, loans to the allies and dominions of the Empire represent £157,000,000. Chancellor McKenna has estimated that Great Britain's total indebtedness at the end of the present financial year will be £3,440,000,000. From that amount the nation is entitled to deduct £800,000,000 loaned to the allies and dominions, the sum left being a burden the nation can well sustain, as it is practically balanced by the national income.

UNITED STATES FIRMS HERE

During the past few months a number of United States manufacturers have established branch plants in Canada. Some of these branches are engaged largely in assembling plant. Others carry on a manufacturing business and many manufacture a portion of an article in their Canadian works, utilizing imported parts for completing the article. According to an investigation conducted by *The Monetary Times* two years ago, there are more than 400 United States branch establishments in operation in this country, of which over 300 are in Ontario. The discussion among the Allies and the Dominions regarding favorable tariffs among them after the war, has undoubtedly given an impetus to the present movement which is bringing to Canada, and particularly to Ontario, many more branch establishments of United States concerns.

It has frequently been asked why British companies do not establish branches here in a similar way. A few have done so, but the difficulties are so considerable that Mr. C. H. Wickes, the British trade commissioner in Canada and Newfoundland, thinks it is unlikely that many United Kingdom firms will endeavor to establish branch firms here. In his latest report on Canadian trade for 1915, he refers to these difficulties as follows: The expenses incidental to (1) ascertaining the probable success of the venture, (2) acquiring a suitable site for a factory, and (3) selecting machinery and equipment suitable to local power conditions and the class of labor available, are infinitely greater to a British concern, he points out, than to an American; whilst the system used, the class of manufacture, the labor to be employed, and even the

management, are all foreign to British ideas and methods. The whole subject, which is apparently so simple and easy to those who have not given close consideration to it, bristles with difficulties, says the commissioner.

The ease with which a branch of a United States works can be established, maintained and controlled from the parent works has been no doubt, as he points out, one of the reasons for so many being established in Canada, thus avoiding, by so doing, many tariff and transportation problems. In addition, these plants hope to enjoy as Canadian manufacturers the benefits of any favorable tariff legislation framed as between the allied countries and the dominions.

WHY NOT HERE?

The British government on July 18th, established what is known as a blacklist of firms in the United States with which citizens of the United Kingdom are forbidden to trade. A similar blacklist was established by Australia shortly afterwards. The Canadian government, after nearly two months for consideration, has not yet seen fit to follow the example of the Imperial and Australian governments. The blacklist of United States firms does not yet apply in Canada. In other words, while it is illegal for citizens of the United Kingdom and of Australia to trade with enemy firms, classed as such by the British government after careful investigation, it is legal for Canadians to trade with such enemy firms. And, as a matter of fact, business is being done by Canadians with such firms. Why is the Canadian government adopting such an extraordinary attitude in regard to the blacklist?

BANKERS AS INSURANCE SALESMEN

Life insurance salesmen will be glad to know that the larger Canadian banks have prohibited their branch managers from acting as insurance agents. At the recent conference of farmers and bankers at Winnipeg, there was a discussion on this subject. All the superintendents of the larger banks stated that their managers were prohibited from carrying on this kind of business, as they regarded it not only as injurious to standard banking principles and policy, but injurious to farmers as well. It will, therefore, be their policy to see that this is prohibited, although it is understood that some of the smaller banks have not entirely prohibited the practice on the part of their managers.

This subject has always been a bone of contention so far as insurance agents are concerned. At the Toronto convention of life underwriters two years ago the point was raised several times and some strong criticism was heard. "How can a bank manager truly and faithfully serve his bank if he is at the same time dickering with an insurance agency?" asked one of the agents. "He either degenerates into a second-rate banker or an indifferent insurance agent, or both, and time and again irregularities have occurred in consequence. In fact, in some parts of the United States, special laws have been passed forbidding the practice." The agents were inclined to think, as one said, that "it is a poor state of affairs when a banker is able to say to a client seeking a perfectly legitimate business accommodation, 'Yes, we can swing that thing, if you allow me to have the placing of the insurance you propose putting on.' " The banks are asked by the insurance companies to discourage that sort of thing.