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Economic Weapons Which Help British Arms

GREAT BRITAIN is showing the strength both of its resources and resourcefulness in carrying on the war. The delay during the first two weeks after the outbreak was caused more because the British Empire is a larger, more complex and more powerful machine to set going at full speed than is the German Empire. Great Britain is now settling down to the business of war. It is prepared to carry on that business until the world's belligerent menace is crushed. Aside from the actual scene of hostilities, striking demonstration is given of the power of commerce and capital as effective weapons. When the British government appointed a "sugar" commission, it obtained in a short time, temporary control of the raw cane sugar market. The general conclusion was that this action was taken to prevent speculators from raising prices to the detriment of consumers. The commission contracted for 900,000 tons of raw cane sugar at an average price of \$100 per ton, representing a sum of \$90,000,000.

Now it transpires that this action had far greater significance. The British government has prohibited the importation of sugar into the United Kingdom with the object of preventing German and Austrian sugar reaching there from neutral countries. It is of interest to read the official explanation of this move: "Measures already have been taken to prevent the importation into Germany and Austria of goods necessary to the conduct of war, but when neutral countries have the opportunity of making great profits on the enhanced prices which Germany and Austria are willing to pay, it is impossible to put a stop to all importations," says the memorandum, which continues:—

"At the present time there are few exports of great value which can be sent out in exchange for goods which Germany receives from neutral countries. Of these sugar is chief. Already exchanges are rising against Germany and Austria, and if the exportation of sugar could be prevented or rendered unprofitable a further serious blow would be struck to their trade.

"German and Austrian sugar may not be imported here under its true colors, but if it is first exported to a neutral country and then re-exported from the neutral country to Great Britain it passes as innocent. Already advices have been received that bids for German sugar are being greedily sought in neutral countries. Even if this sugar did not come into this country, though there is reason to believe that the traffic has begun, it would set free a corresponding amount of sugar in a neutral country, which might be shipped into the United Kingdom. The only ultimate big market for this sugar is the United Kingdom, and nothing less than total prohibition

of importation into this country will hinder the German and Austrian exportation.

"In ordinary circumstances such prohibition would be inconceivable, but large supplies secured by the sugar commission assure ample supplies for British consumption for many months. The price at which it has been bought permits of retail sale without loss at a rate below that now current, namely, 3¼ pence per pound for granulated sugar, and a reduction may be expected.

"In these circumstances the government has decided to prohibit for the time being the importation of sugar, with the object of defeating the German and Austrian efforts to turn their stocks into money. This measure was not adopted earlier, as the danger did not exist until recently, as the exportation of sugar from Germany and Austria was prohibited. The prohibition has been relaxed now that they found Great Britain has been able to make other provision. We have already rendered their prohibition useless. We shall now deprive them of any financial advantage from its removal."

That is but one of many assaults with the ammunition of commerce upon the enemy's defences. With the British navy patrolling the world's shipping lanes, Great Britain is able to enforce in practice the important plans devised in London.

As pointed out in these columns recently, the "silver bullet," so called by Mr. Lloyd George, is doing its work, too. Indeed, its success may compel a change of name to the "silver shell." To date, Great Britain has financed its own war operations with treasury bills. It has raised £75,000,000 in that way, in five issues of £15,000,000 each. All of them were oversubscribed. On its one-year bills it obtained money at exceptionally easy terms, namely, 3½ per cent. From the total mentioned, the Imperial government loaned £10,000,000 to Belgium. The London market has responded freely to issues of £2,000,000 of India bills; £2,000,000 of French sterling treasury bills, and £600,000 of Norwegian treasury bills. The Canadian finance minister, Hon. W. T. White, has arranged with the Imperial government and the Bank of England that the Bank shall advance to the Dominion government the funds required by Canada for naval and military purposes from time to time, as required. *The Monetary Times* learns on the best of authority that the arrangements so made are most favorable to Canada.

A message from London last week stated that in ordinary circumstances gold would now be going from Great Britain in large amounts to Egypt to finance the cotton crop. The financial dislocation has necessitated the issue of £5,000,000 of Egyptian treasury bonds which will have the guarantee of the British government. A