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BRITISH CAPITAL AFTER THE WAR.

A question of vital interest to Canada in connection with the settlement of *post-bellum* problems is the matter of the export of British capital after the war. There have been lately, as many interested in British-Canadian financial relations know, hints and suggestions of a continuance of Treasury control of capital issues in London after the war, and of the concentration of available British funds on objects of "national importance," not necessarily, of course, within the limits of the United Kingdom, but throughout the Empire. This course of action was strongly advocated in a lecture the other day by Mr. Edgar Crammond, a well-known English economist, who argued the desirability of the devotion of British capital primarily to the development in the Empire of the supply of food and materials required by the United Kingdom, and for this purpose the continuance of Treasury control over new issues for many years after the war, and the immediate establishment of the British Trade Bank. The London Economist's comment upon this proposal reads:—"Many of those who have suffered under the tyranny of the Treasury Committee will shudder at the suggestion of its continuance, and we fancy that experience during the war will make most people eager to get rid, as soon as possible, of Government interference with business, except where national necessity makes it imperative."

At the present time, it is difficult to foresee what the attitude of the British mind will be on this and similar subjects when the time comes for a decision. Some shrewd observers suggest that disgust with the shortcomings of bureaucracy will result in a great swing of the pendulum back to a *laissez-faire* attitude. On the other hand, the war has resulted in a remarkable extension of Government activity and administration in the British Isles, to an extent which under other circumstances would probably not have come about in a century; the Britisher has become accustomed to the idea of Government control, and a bureaucracy well entrenched is notoriously hard to dislodge. That all the weight of the bankers and other London financial interests will be against any proposal to make the Treasury control of capital issues permanent may be easily divined from the London Economist's caustic comments on Mr. Crammond's suggestion, already quoted.

The continuance of Treasury control for a year or two after the war seems more likely than its adoption as a permanent policy, and it would probably be well for those concerned to be prepared for this development. As regards the general tendency

of British capital after the war, the Economist may be again quoted:—"We believe that sentiment will for many years give a substantial preference to issues offered on behalf of home and Imperial enterprises, and of our Allies. Sentiment is always a much stronger influence in business matters than is admitted by those who draw fancy pictures of cold-blooded plutocrats with no thought but in their money-bags. We believe that this sentiment will do all that is needed for the guidance of our investments in the future." It is a peculiar satisfaction to make this quotation from so highly-regarded an authority since it has long been argued in these columns that, given freedom of action, Canada will be accorded a substantial preference among British investors after the war as a result of the prevailing desire to build up afresh the resources of the Empire.

C.P.R.'S REPORT.

Through a change whereby the fiscal year of the Canadian Pacific Railway is made to correspond with the calendar year, the Company's thirty-sixth annual report issued to shareholders this week covers a period only of six months to December 31st last. While comparisons with preceding periods are not possible, it is apparent that throughout the six months reported on, the Company enjoyed a high degree of prosperity. With gross earnings during the period of \$76,717,965 and working expenses of \$45,843,199, net earnings are reported as \$30,874,765, the surplus after deduction of fixed charges being \$25,742,214. After providing for the dividends on preferred and common stock, payable from railway earnings, and making other allocations, there was a net surplus for the six months of \$13,684,504. Additionally, special income for the half-year, after making allowances for contingent reserves, reached the high level of \$6,415,352, from which is paid a portion of the shareholders' dividend, absorbing \$3,900,000.

As was to have been expected, working expenses show an increase, reflecting the higher cost of coal and materials generally. For the six months, they were 59.75 per cent. against 55.43 per cent. in 1915. The severe climatic and other conditions which have had to be coped with in the period intervening since the end of 1916, will possibly be reflected in a further rise in the 1917 statement. It is noted that a new steamer of 9,400 tons, lately purchased while under construction on the Tyne and due for delivery in July or August, will make the Company's ocean tonnage practically the same as at the outbreak of war. Arrangements have also been made for the construction at the earliest possible date of two 20-knot steamers, 605 feet in length and two 16-knot steamers 546 feet in length. Obviously, in this important matter, the C.P.R. is planning ahead with that energy and enterprise which have been characteristic of its management from the outset. The Company's assets now reach the enormous total of \$986,768,543, the surplus revenue from operation being \$116,804,453 and surplus in other assets, \$116,735,021.

Completion of the financing operations by which the company was to assist the British Government in the provision of dollar credits has, it is understood, been postponed, owing to the new financial arrangements pending consequent upon the United States entrance into the war.