

# MONEY AND MAGNATES

## Canadian Opportunity in Japan

JAPAN is a growing factor in world trade. If Canada is to have her share of that trade she must reckon with Japan, both as a competitor and as a customer. The following is taken from a letter to the Department of Trade and Commerce in Ottawa:

Financially Japan continues to prosper greatly from the war, and especially from war orders. Trade during the last few months has witnessed marvellous expansion, especially in exports, which in the last year have exceeded imports by some yen 170,000,000, a tendency that the authorities have been striving in vain for years to bring about. This year's excess of exports is expected to reach yen 200,000,000. Whether this favourable balance of trade will continue after the war is another question. The reversion is due altogether to the war. The biggest extensions are to Australia, India and Russia, especially in the way of capturing the markets formerly held by Germany.

The largest profits are reaped by the shipping companies. The lack of freight space is a serious embarrassment to trade, and freights have already gone high, but the return of Canadian Pacific boats and the Pacific Mail Company is doing something to relieve the situation. However, the war has brought Japanese merchant marine up from a sixth to a third place in the world's shipping. All Japanese yards have orders for ships to occupy them fully for the next twelve months, covering more than 200,000 tons, though the shortage in construction materials is delaying them. They are trying to get steel plate from America, as the exportation of it is prohibited from England, but it is rather difficult to do so.

## Resent Canadian Intrusion

THE place Canada will take in Japanese trade is an important question, and one that would require a special study in itself. It may be assumed, however, that the opportunities are good, if Canadian merchants and manufacturers will only become as active and aggressive as British and American merchants, or even as Australians, many of whose agents are now visiting Japan buying or taking orders or looking over the field. The British, American and German agents or middlemen have been so long monopolizing the entire business of exportation that they are jealous of Canadians and Australians entering the trade. They want Canadians to use them as agents, but in doing so Canadians usually find that they naturally push their own goods first.

## Japan's Buying Power

THE scarcity of paper has obliged many periodicals to suspend publication and many others to increase their cost more than 20 per cent. Supplies for the trade usually came from Austria, Germany, Belgium and England, all of which are now suspended, and the country has been living on the stock on hand. The Japanese paper mills are able to meet the demand but partially. There should be an increasing trade, too, in bacon, ham, wheat and leather, which Canada can well supply. The flour trade has greatly declined owing to the policy of the Japanese in having their own mills and importing the wheat; but all the higher classes and foreigners still demand imported flour, most of which comes from California. There should be an immense demand in Japan for cheap homespun, as so many of the officials and merchants now wear foreign clothes, the material for which in the past has been for the most part German shoddy, the better cloths coming from England. And Japan can pay Canada in tea, cottons, and silk, as well as in porcelain and fancy goods. But Japanese traders take so scant an interest in Canada as a possible field of exploitation, that the question requires careful and constant study, with a plentiful supply of good advertising material translated into Japanese and distributed among the native importers and exporters, as well as consumers.

With the prosperity created by the war the purchasing power of the country has greatly increased and money is now freely spent. Luxury is beginning to be marked, especially in the way of more motor cars, new mansions after the western manner, gay clothing and indulgence in expensive pleasures. There is indeed no country in the world where the rich man spends money more freely than in Japan; and the merchant is wideawake to the possibilities offered. The firms dealing in luxuries seem to do the best business, not more, but more profitable business; for the rich man knows nothing of prices and pays just what is asked. In fact, the rich man of Japan does not buy save through his under officials, and he sanctions almost any figure they submit.

The leading Canadian manufacturers and exporters of goods having a market in Japan should be persuaded to establish agencies in Yokohama and Tokyo with Canadians in charge, just as English and German firms have done. At first one agent could represent several Canadian firms, though it is best if each firm can afford to have its own agent. A practical and sound knowledge of the Japanese language and people is essential to success. But if the agency keeps a supply of young men in its office in Japan, they will be always gaining such knowledge and be ready to take the manager's place when he retires. Some of the most successful young men in Japan have been Canadians.

## A Paradox

TWO news items give food for reflection. The first is this: A Wall Street correspondent wires: Bank deposits with the National Banks continue to mount to new high records. Aggregate deposits of the leading ten banks are now \$2,435,837,000, against \$2,299,355,000 two months ago and \$1,650,547,000 a year ago.

Now take this item: In comparison with interest levels before the war, the Canadian municipalities are paying high for money now. It is pointed out that in 1909 the City of Ottawa sold debentures on a 4% basis. In 1913, the last loan made before the war, the price paid yielded the purchaser 4%. Lately the city has paid as high as 5.88%. This means that whereas prior to 1915 a 4½% bond sold for \$100, now the same bond running for 30 years would not bring more than \$84. Assuming that a city can lay a street for the same cost, as far as materials and labour are concerned, as before the war, there is still the increase of from 15% to 20% in the cost of borrowing money to be taken into account.

## Before Investing

You should see that your judgment regarding the security is backed by facts. According to Canadian Government Statistics, never a Dollar has been lost in Canadian

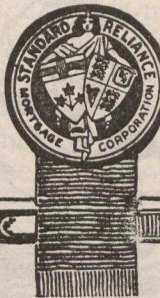
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