

credit. This may not always be so. On the other hand, it is only fair to note that the chartered banks and bond houses, usually the sponsors of these particular flotations, have invariably acted as a valuable influence to the maintenance of good credit. The municipalities also have shown much more disposition to regard their credit as a delicate and important factor. Room for this criticism therefore shortly will not exist.

In connection with the buying by Great Britain of this class of securities it must be remembered that the home demand and that of the United States is very large. Banks, insurance companies and numerous other financial institutions are heavy investors in the Dominion's municipals. The strength of the market is well proved by the fact that despite the recent tendency to see a higher yield on capital, municipals offering a comparatively small return and good security have attracted more attention during the latter part of the five years' period than during the former part.

Scotland and Canada's Loan Companies.

Investments to the extent of more than five and a half million dollars have been placed with sixteen Canadian loan, mortgage and trust companies. The smallest amount invested was \$20,000 with a new trust company. The largest individual sum exceeded two and a half million dollars. The average amount is \$357,485. The most striking feature of this class is that practically all the money invested has come from Scotland. Several companies have unsuccessfully endeavoured to introduce English capital. A small percentage came from Ireland. Edinburgh is the central loaning point for this class in North Britain. What little money has come from England has been sent largely by former Canadians residing there. In Scotland investments in loan and mortgage companies' debentures are popular. One company states that in certain cases, while the capital is fairly well distributed throughout Great Britain there is no doubt that if it is not all actual Scotch money, "it is Scotch credit." Probably 2 per cent. of the total comes from continental Europe.

Taking the figures of the Canadian company which has interested most money in these securities it is found that during the five years only 7 per cent. of its total has come from any source in Great Britain outside of Scotland. Here again we are told that of the 7 per cent. much has come through a Scottish connection. From time to time efforts have been made to interest more particularly the London market and some of the larger lending corporations, such as insurance companies in that metropolis.

Failed to Interest English Investor.

All efforts so far have proved ineffectual. Generally speaking there appear to be in the minds of English financiers two arguments against loan corporation debentures. First, they are not listed on any stock exchange and cannot therefore be disposed of as are other bonds. Second, a great part of the English investing public like something in which there is a possible chance of profit, a factor which alike with the hazard of loss, is usually absent from the loan company's proposition. It is suggested that if a standard company chose to make a large issue of debentures payable in, say, twenty years, and went to the expense of having the securities listed in London, they might finally be absorbed in that market. Apparently none of the purely Canadian companies have taken this step. They seem to be bound by a curious rule of practice to a limit of five years in their debenture issues.

Purchase of Bank Shares.

Large and numerous purchases have been made in Great Britain of Canadian chartered bank shares. These investments extend over a greater period than five years, in which time the investment was approximately \$1,125,000. This sum represents but a small percentage of the total British investment in bank shares. As is known one Canadian bank placed this year \$2,000,000 worth of its stock in London. That amount cannot be included in The Monetary Times present estimate which is only for the half decade ending December 1909.

It is highly probable that British capital will play a larger part in Canadian banking. The wheat area of Canada twenty years ago was 623,245 acres. Last year it was estimated at 6878,000 acres, a gain in that period of 1,003 per cent. While the increase in acreage may not prove so remarkable in the next twenty years it will certainly be large. Before then, one of two things will probably happen—the introduction of European aid in crop financing, as has been the case in the United States, or the increase in the total available bank capital in Canada. The tendency of banking in this country has been to the conservation of banking strength in a comparatively small number of banks. For instance, in 1889, we had 41 chartered banks, which number ten years later had been reduced to 38, and this year to 28. On the other hand, the number of bank branches has more than made up for the diminution of the head office total. Two years ago the number of bank branches was 1,608; to-day it

is 2,222, with additional branches in the United States, England, Newfoundland, the West Indies, France and elsewhere.

Canada Offers Best Bank Stock.

While the bank figures show astonishing increases during the past forty years, the paid-up capital figures do not show such large gains proportionately as do other items. The paid-up capital of Canada's chartered banks in June, 1869 was \$30,289,048; last year it was \$97,436,424, a gain in thirty-nine years of 221 per cent. In the same period the total deposits of the chartered banks have increased 1,963 per cent., while the discounts to the public have increased 1,044 per cent.

In view of these considerations, the introduction of British capital by the sale of a large block of Canadian bank stock in England is of unusual interest. In connection with this, the British investor must remember the double liability clause of our Bank Act. Mr. W. R. Lawson, the well-known financial writer of London, recently stated that colonial bank shares had complications of their own, the principal one being "the bogey of reserve liability," which in some cases was equal to the amount of a share, and in others double. It was equal to the amount of a share, and in others double. known to the London investor causes him to study carefully the exact position of any given share. This is one of the chief reasons why bank shares are so little dealt in on the London Stock Exchange, but comparing those of the various overseas Empires, it is safe to say that the Canadian bank share offers the greatest attractions.

The British insurance companies which transact business in Canada have invested in this country by the purchase of various securities and of real estate approximately \$47,000,000. Comparing these companies' total investments at the end of various years, it is found that their approximate investments in Canada for the five years' period under review total \$9,731,742.

Many Industrials But Small Amounts.

To gather reliable statistics regarding British investments in industrial propositions has been the most difficult task, largely because only a small amount is represented. Upon the figures received by The Monetary Times it is reasonable to estimate the average investments in this class for the five years' period at \$2,500,000 per province, which would give a total of \$22,500,000. If anything it errs on the conservative side. The total does not include the amount represented in the Canadian public flotations. Pulp and paper concerns in British Columbia and the Maritime Provinces are responsible for a fairly large amount. Four of these in New Brunswick account for \$1,300,000 of capital. A large pulp company is located in British Columbia with holdings valued at approximately \$5,000,000. About \$1,000,000 of Old Country capital is invested in salmon canneries in our Pacific coast province. The British Columbia Electric Railway Company is almost entirely financed by British capital, its total investment representing a large amount. Only a nominal sum is held on the Pacific coast. This company made a public flotation in London.

British investments have been made to a moderate extent in Canadian cotton mills and textile companies, while about \$30,000 is invested in apple warehouses along the Dominion Atlantic Railway. London houses take a part interest in these buildings, the builder taking the rest. A small amount is placed in chemical companies. The details gathered in this class were obtained on the condition that the names of the individual companies be not published.

Different Appetites for Securities.

Commenting on the keen appetite of the United States capital for industrial investments, Lord Strathcona recently ventured the assertion that the aggregate debts of the Dominion and provincial governments and municipalities, the bonds and preferred stocks of the railway companies and British investments in well established industrial, electrical and power enterprises, placed against the total American capital invested in Canada would show a preponderance of the former. This is proved to be so by The Monetary Times estimate. One hears, said Lord Strathcona, more of American capital than British, because our cousins from the United States come into Canada and buy a lumber proposition, a mine, a commercial enterprise, or start a branch of some of their own enterprises in one of the provinces. In these cases they go to the country themselves and look after the business in which they are interested, and obtain much publicity. English capital is usually invested in an entirely different way. The investors remain quite satisfied if their moderate interest and dividends are forthcoming at the proper time, and their loans are met at maturity. As a matter of fact, the methods of investing British money and of American money in Canada are on an entirely different basis, and this must be borne in mind when the question is discussed.

Land and Timber Purchases.

In land and timber properties there is a small amount of British money when compared to the investments of United States interests. The Monetary Times' estimate of United States capital in British Columbia mills and timber was