

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY.

Vol. XXXIII. No. 38

MONTREAL, SEPTEMBER 19, 1913.

Single Copy 10c.
Annual Subscription \$5.00

THE DAWN.

During the last two weeks there has been undoubtedly a considerable revival of confidence on the part of Canadian business men. This change in disposition has been seen in several directions, of which, perhaps, the most noticeable has been the rise in stocks on the Montreal and Toronto stock exchanges. The Stock Exchange is a vehicle through which optimism may easily be overdone, and it is wise, perhaps, not to attach too great importance to what has taken place there. Apart, however, from events on the Stock Exchange, there is a considerable improvement in feeling. The causes for this are not far to seek. First in importance is the magnificent grain crop now being safely garnered in the West. It is difficult to over-estimate the importance of this crop to Canada at the present time. It means new wealth, according to thoroughly conservative estimates, of about \$170,000,000, an immense sum in itself and relatively more so when consideration is given to the comparatively small number of people among whom it is to be divided. The distribution of this new wealth throughout the country means the continuance of a general activity through all the varied machinery of manufacturing and distribution by which the commerce and trade of the country is carried on. With that in prospect, there is no further reason for a lack of confidence regarding the course of events in the immediate future.

In regard to the supply of capital for the development of new enterprises, the extension of existing undertakings and the carrying on of the multitudinous works, public and private, which are of pressing necessity in this country, the outlook is considerably better than it was. Apart from the proceeds of the western crops, some portion of which at least should be available for purposes of new development, it has again become clear that we can continue to rely upon a large flow of British and other capital for all purposes into this country. No one well acquainted with circumstances on both sides of the Atlantic ever doubted, as some people seem to have doubted, the willingness of British and other capitalists to continue freely to supply our legitimate needs, but the circumstances of recent months had tended somewhat to obscure the fact. For one thing there was a good deal of ignorant criticism regarding the borrowings of this country by those who were unacquainted with it, which had a certain amount of effect until the real circumstances were known, and

for another, the political outlook in Europe was uncertain and investors held their hand for a time until the horizon had cleared. That horizon is now fast clearing, and with the exercise of a little common-sense on our part, the securing of very large amounts of new capital for our use should not be a matter of difficulty. It is perhaps too much to hope that in the future there will be no more swindling of the foreign investor by real estate wild-catting and so forth. While there are fools, there will always be knaves to minister to their folly, and while there are English people willing to buy at fabulous prices patches of prairie, which they have never seen and which they are never likely to get within 5,000 miles of seeing, on the bare word of the man who is selling them, the supply of people selling these lots is not likely to fail. However, the fact that such incidents are unavoidable in a period of a country's great expansion is pretty well understood, and Canada as a whole is not likely to suffer through the swindling propensities of half-a-dozen of its people and the folly of their victims.

At home the eclipse of the real estate speculator and his sky-line subdivisions is one of the most cheering facts of the situation, and it is to be hoped that he will remain in a condition of eclipse for a prolonged period. Our requirements for legitimate purposes in the future will be such that it is highly undesirable that capital should be dissipated in this direction. As was admirably pointed out by Mr. H. V. Meredith in a recent interview, in order that our credit may not be strained abroad, it will be advisable to go slow for a period. Mr. Meredith says that he is not at all surprised that any one who has not been brought into personal contact with the development of the Canadian West should be apprehensive as to the future, but this fear vanishes the moment one looks in upon that country at close range. Perhaps a few municipalities have to some extent discounted the future, but so great and pressing have their wants become that the alleged excessive borrowings have been from necessity, as requirements have been and will be very great in this new country. Mr. Meredith finds, in fact, that the optimism of the West as seen in the faces of its people is amply justified, and that it would be exceedingly difficult to speak with a certainty as to the future product of the country, so great are the opportunities. These observations by an experienced banker whose opinion carries weight, should have a very favorable effect.