

surpassed \$4,000,000,000. This vast credit balance has for the most part been offset and made possible through the extension by the United States of huge loans to the countries of Europe.

The obvious ways in which the task of offsetting exports may be accomplished are by importing gold in payment, by increasing imports, and by investing American capital in foreign government and private enterprises. It is clearly impossible, even though it were desirable, for the United States to insist on payment in gold for her enormous volume of exports. Such action would still further weaken the credit of other nations where the situation is already precarious as far as reserve stocks of gold are concerned. The second means, whereby exports would be counterbalanced and foreign exchanges stabilized, is that of increasing American imports from abroad. European countries, however, for some time will scarcely be in a position to send goods to the United States on a scale sufficiently large to offset the vast store of commodities available for American export. Yet there must be an offsetting factor if the volume of exports is to be maintained. Although we cannot escape the conclusion that in the end American imports of goods must serve as the counterbalancing factor, yet it is true that relief for the time being may be found in the third means mentioned above.

If foreign countries cannot sell goods to the United States in sufficient volume, they will have to give their credit by selling their securities. The extensive investment of American capital abroad will serve the end for the present. Capital is abundant in that country and it is sorely needed in most other countries of the world. The export of capital for foreign investment will further serve as the invisible debit to counterbalance the large invisible credit, which has arisen since 1914, in the form of interest and dividends due the United States on its recent loans and investments. The balance may be maintained in this way for the present. If the United States would retain and increase its present scale of exports it must therefore make large investments of capital in foreign countries. An American authority has stated this truth as follows: "If we of the United States want to sell our goods, we must supply the world with both goods and dollars."

A number of plans have been suggested. There is the investment trust for the purchase of foreign securities to be sold later to American investors. It has also been proposed that American industries invest a part of their profits in the foreign securities of those nations in which the respective industries are most interested.

Through the investment of its capital abroad, the United States will tend of course to become more and more of a creditor country. Although such investment will, it is true, make possible the continuance of large exports, yet at the same time, it cannot fail to hasten the time when the American trade balance must come to be marked by an excess of imports. Applying the form of reasoning outlined in the foregoing pages we recognize that probably the next chapter in the rapidly moving events of American commercial history will be an abnormal increase in the volume of imports. Exports may not decline in value. They may merely increase less rapidly than imports. The United States will then come to occupy a position comparable to that of England, Germany, and France, which as lending countries have normally shown an excess of merchandise imports.

BUSINESS FAILURES IN CANADA

The following shows the number of business failures in the Dominion since the week of November 14 last, as reported by R. G. Dun and Co., Toronto:—

Date.	Ont.	Que.	Man.	Alta.	Sask.	B. C.	N. S.	N. B.	P. E. I.	Total.	1918.
Dec. 5th ...	1	7	2	0	4	0	2	0	0	16	16
Nov. 28th ...	3	6	2	0	1	1	6	0	0	19	9
Nov. 21st ...	7	9	0	1	4	0	0	0	0	21	12
Nov. 14th ...	1	6	2	1	1	0	0	3	0	14	12

FURTHER GROWTH OF THE GUARANTY TRUST

The statement of the Guaranty Trust Co., of New York, as at November 12th, shows resources of over \$966,500,000 as compared with resources of a little less than \$884,000,000 on September 12th, or an increase of over 15 per cent, in a period of two months. In the same period deposits increased from \$684,000,000 to over \$705,000,000. The growth of this company under the presidency of Charles H. Sabin has been remarkable. It has been a moving spirit in organizing more than half the corporations recently formed and authorized under the Webb Law to carry on foreign business. The company has also established a special bureau to assist manufacturers of the country to reach foreign markets. A valuable feature of this service is a Foreign Credit Department, which gives authoritative ratings on commercial houses in every country throughout the world; this service has been placed at the disposal of exporters absolutely free of charge.

The forty odd departments of the bank are placed at the immediate disposal of its clients and friends by the establishment of correspondent offices in all the principal cities in the United States and Canada. These offices are connected with the parent office by private wire, in this way giving practically the same service to their clients as if they were in New York City. The Canadian correspondent is Mr. Edward N. Wilkes, with temporary offices at 711 Temple Building, Toronto.

STANDARD RELIANCE INVESTIGATION

At the inquiry into the Standard Reliance Mortgage Corporation, which was resumed on December 2, W. S. Dinnick, the chief witness, stated that he had not been able to find his old cheque books of 1903-1904 which might throw light on who got the \$10,000 paid by him in connection with the purchase of the Ontario Industrial Loan by the Standard Loan. As to the \$7,500 paid in connection with the taking over of the \$134,000 block of stock in the Huron and Bruce, held by a syndicate of five persons, he stated that this sum was paid for power of attorney to make sure that this block of stock would vote right when the question of the merger came up. No notice was given to shareholders of the Huron and Bruce that this sum had been paid to the directors. The evidence dealt with the \$134,000 of assets of the Standard Loan which was disbursed in connection with the taking over of this syndicate's block of stock, and with the \$25,000 paid out in connection with the taking over of the Acme Loan.

With reference to a statement by George H. Kilmer, K.C., counsel for the liquidator, at a previous session of the investigation, to the effect that \$134,000 of Standard Reliance assets were missing, Mr. Dinnick testified that in the form of securities, they were now in the hands of the London Loan Co. and M. J. Kent, manager of that company. Mr. Kent owned about \$134,000 stock in the Huron and Bruce, and before he would allow those shares to be voted on, a power of attorney obtained security for his loan. Mr. Dinnick produced documents to show Mr. Kilmer that the transaction was the result of negotiations between the late S. C. Smoke and Senator Proudfoot, at that time solicitor for the Huron and Bruce. Witness admitted that the amount was never treated as a debt by the Standard Co. to the Dovercourt Land Co., nor did the Dovercourt ever credit the Standard. There should have been something on the records, he said, to show the sale of \$134,000 in mortgages, but he believed that was not done.

On December 4, M. J. Kent, manager of the London Loan and Savings Co. and principal in the transfer of Huron and Bruce shares to the Standard Loan Co., in 1905, denied at the investigation of the defunct Standard Loan that he knew anything concerning the disposition of the \$7,500 cheque, which former Manager Dinnick declared was sent by him to a London solicitor for payment to somebody in consideration of the selling out of the controlling interest.