

Future Trade With the Jugo-Slav and Balkan States

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(Balkan Trade Commissioner at Paris.)

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Before the world war was declared by Germany almost all the export and import trade of the Jugo-Slavs (Balkan States) was monopolized by Germany and Austria. The commercial propaganda of these two nations was well organized having for its head its consulate and its truly professional trade representatives. During the twenty years I have been engaged in the export and import trade of the Balkans I have many times been surprised at the exactitude and precision of reports furnished me by the German consulate regarding merchants there. Reports have been given me giving details as to their capitalization, the length of time they have been engaged in the business, the standard of their intelligence and industry, their political party, their local reputation, whether they are good or bad family men, whether they are drunkards or teetotalers, whether they gamble or not, whether they are spend-thrifts or savers, also details as to their private affairs and those of their families, whether they paid their debts promptly or whether they created trouble, etc. With such reports available manufacturers did not stand to lose money.

I wish to communicate with Canadian manufacturers and exporters on the subject of the future commercial relations of the Jugo-Slavs and the Balkan States. Before the war German and Austrian manufacturers extended credit to the Balkan merchants of from three and four to six and nine months, but generally three to six months, and were protected by a treaty. All purchasers in these countries were continuously surrounded by a tissue of

falsehoods concocted by Germany about France and England. If a merchant desired French or English goods German goods were sent him under French or English marks. For example, one of my friends, a Serbian merchant asked for French long-cloth and Austrian goods were sent him under the name of French broad-cloth; another asked for English saws and German goods were sent him under the mark "Made in England."

After peace has been declared Canadian merchants should endeavor to promote commercial relations with the Balkans. It would be to their advantage to prepare special samples and send them without delay accompanied by representatives who know the language in order to gain the confidence of the purchasers.

There is in Paris a Franco-Serb Chamber of Commerce at 10 Rue du Richer, where merchants are able to obtain information on the subject of future credit and future orders.

In Jugo-Slavia there is little poverty, each has his own property, there is no doubt as to their solvability, bankruptcy is very rare, they are moreover very faithful customers. When they are supplied by a manufacturer who delivers good merchandise to them at advantageous enough rates the seller is sure to keep his customer indefinitely.

The Balkans being agricultural countries and needing Canadian articles the manufacturers should give their attention and initiative to placing their goods in that market where there is no fear of losing their money and where a continuation of trade is assured.

Home Loan Banks

Action taken in the United States

The U. S. Department of Labor has organized as part of its Information and Education Service, the Division of Public Works and Construction Development. The purpose of this new division is to interest the public in construction activities of all sorts. This means that work on public buildings, highways and homes is to be encouraged in such a practical manner that the spring may find every state engaged in projects which will assure operations in all communities and will provide employment for the hundreds of thousands of returning soldiers and workmen released from war industries.

One branch of the new division is called the "Own Your Own Home Section" and to make possible the widespread building of dwellings a movement has been started that would enable the Building and Loan Associations to provide capital at low rates of interest.

In the U. S. League of Local Building and Loan Associations there are 7,269 affiliated associations with a membership of 3,838,612. During the year 1917, the Building and Loan Associations voluntarily permitted withdrawals of \$350,000,000 to enable the purchase of Liberty Bonds, yet in the twelve months they did a business of a billion and a quarter dollars at an expense of seven-eighths of one per cent. The associations, known as co-operative banks, are institutions that collect installments on stock subscriptions and invest them in loans to aid in building homes. They are, therefore, prepared to be most helpful in this line of peace readjustment, which makes the strongest appeal to all classes of men and women.

At a conference held in Washington, January 3, between Franklin T. Miller, the director of the new division, and E. L. Keesler, President of the U. S. League of Building and Loan Associations, it developed that, in many communities, the associations

had loaned all their available money and that they were six months behind on making loans, as their assets were not negotiable. It was shown, however, that, if means could be devised by which such assets could be used as collateral, loans for home building could be made to a very much larger extent. These assets are almost entirely first mortgages, but they are long-time paper which cannot be accepted at the Federal Reserve or National Banks as collateral and in many states are not transferable by state law. As these associations make loans that run for long periods averaging from six to twelve years, they could not prudently borrow money for the purpose on the short terms of credit to which Federal Reserve and National Banks restrict their loans. The associations felt that the excellent character of their security should enable them to rediscount at a comparatively low rate.

A conference of members of the Legislative Committee of the United States League of Building and Loan Associations was called in Washington, January 22 and 23. In the meantime, investigation was made of possible ways and means of securing the desired end, namely, some plan by which Building and Loan mortgages can be used as collateral on which to secure funds for these associations. Various officials of the U. S. Department of Labor and the U. S. Treasury Department were consulted.

The meeting was called at the office of the Division of Public Works and Construction Development Dept of Labor, and Mr. Keesler announced that, at a caucus held before coming to the meeting, the delegates had informally decided upon the following recommendation: That a law should be advocated, modeled somewhat upon the Federal Farm Loan Act and somewhat upon the provisions of the act establishing the Land Bank of the State of New York; in other words, the establishment of Home Loan

Banks in each Federal Reserve district, providing for small fixed capital and hedged about by proper restrictions, of which the Local Building and Loan Associations would become stockholders. These banks would be authorized to accept on deposit, as collateral security, building and loan mortgages from member associations; and to issue therefore and market debenture bonds turning over the cash proceeds to the depositing associations. These bonds and the assets of the Federated Banks would be declared instruments of the United States Government and exempt from taxation. At this conference, the solicitor of the U. S. Treasury, Judge Lawrence Becker, was present.

At a dinner given in the evening Senator Calder of New York expressed warm interest in the movement and offered to introduce such a bill as the one needed. Representative Fordney of Michigan, and Representative D. T. Morgan of Oklahoma, spoke. Mr. Morgan said that the Building and Loan Associations, being state corporations, would have to obtain legislative permission to invest in the proposed banks, and made valuable suggestions as to the practical handling of the matter.

The points were made that the Building and Loan Associations are asking nothing from the Government in the way of financial aid, that all they want is permission to raise money on their wealth, tied up in first mortgage security to the amount of \$2,000,000,000 and that they desire this permission to enable them to help at a time when they are needed. The suggestion was made that the associations organize for this work.

At the meeting held on the morning of January 23, it was decided to leave a member in Washington who would attend to pushing this matter.

QUEBEC BUDGET SPEECH.

On January 30th, Hon. Walter Mitchell, Provincial Treasurer of the Province of Quebec delivered the budget speech in the Legislative Assembly, dealing with the financial doings of the province from June 30, 1917, to June 30, 1918.

The outstanding feature of the speech was the announcement that the municipalities were to have the tax on theatres and places of amusement returned to them. This form of taxation supplied the Provincial Treasury with \$437,937 during the last financial year.

Mr. Mitchell announced a surplus of \$1,509,558 for the financial operations of the year. He estimated that the Government would spend \$10,399,345 out of an expected revenue of \$10,449,393 during the year ending June 30, 1920. This estimate of a surplus of \$50,047 is merely estimate and no more as is shown by the fact that the surplus for this year was estimated at \$62,951 whereas over a million was actually the figure.

Another feature of the budget is that whereas last year the expenditure of the Province was placed at \$11,423,497 it is only \$10,397,345 for the coming year.

In the course of his speech, after making the above announcement regarding the amusement tax. Mr. Mitchell stated that a revenue of \$2,386,000 was expected from lands and forests and over a million from mines, fisheries and game, both being large increases over the past year.

Mr. Mitchell expects, moreover, to obtain \$105,000 for inmates of industrial and reformatory schools as against \$46,283 during the 12 months ended June 30, 1918.

On the other hand, Mr. Mitchell estimates that he will receive only \$1,300,000 for succession duties, as against \$4,736,547 received for the financial year ending June 30, 1918. While he received a revenue of \$1,375,937 from licenses of all kinds in the year ending June 30, 1918 the Treasurer expects to receive for the year ending June 30, 1920, only a mere pittance of \$300,000.

Among the chief expenditures contemplated by the Province during the coming year outlays for good roads, education, agriculture and colonization take prominent places according to Mr. Mitchell's speech.

The debate was adjourned on motion of Mr. Sauve, leader of the Opposition.