

A large part of the asbestos mined in Canada goes either directly or indirectly to Germany, where the asbestos industry is important. One might imagine that this fact would prove an inducement to German investment in our asbestos mines. As a matter of fact, had it not been for the big amalgamation of asbestos properties in Quebec Province in 1909, I have the best authority for stating that German capital would have interested itself in the financing of several asbestos properties in that province. At present Germany prefers to buy the material, even at an enhanced price, rather than place its money in prospecting and development of the mines under current conditions. Now the trade is stopped.

Our timber limits would not have attracted attention in Germany unless in conjunction with a pulp and paper industry. The European has decided opinions upon our system of fire ranging, as it relates especially to timber limits. One favorable factor in German investment in Canada is that it seldom has made profits without considerable reinvestment. The German Development Company, for instance, representing important Berlin bankers, started in this country with a capital of \$60,000 for the purpose of locating and developing mining properties in Canada. Within one year the investment was raised to a quarter of a million dollars, and later increased to \$1,000,000. The most important of the company's ventures (coal lands in the West) were amalgamated with the interests of the Canadian Northern Railway Company, and the monetary interest was recently further enlarged. The Canadian Northern Western Railway will build into these coal fields representing an investment of \$4,000,000, while the coal mines which they will tap have received \$2,000,000 of foreign and chiefly German capital. A little Belgian, French and English money is interested in this scheme. German capital to the extent of \$3,500,000 is invested in British Columbia coal lands, and in Alberta coal lands there is about \$3,000,000 of German capital.

There was not enough known of Canada in Germany to interest the banks to any large extent. Where capital has been invested here it has generally financed the scheme of a man who has made a study of Canadian conditions and opportunities.

There have been attempts made continuously to attract German capital for the purpose of investing in real estate in the West. Every failure—and such were bound to result if agents only desirous of earning a commission quickly are purchasing—did not result in further and larger investments from Germany.

German financiers who have become interested in Canada think that land companies, for the purposes of acquiring good lands and advancing of money to settlers as an extra inducement, are good investment opportunities. German capital might have played an important role in the Canadian beet-sugar industry. Its cultivation in Germany is one of the biggest and best-paying industries there. A glance at the names connected with the promotion of beet-sugar companies in Canada reveals the fact that German experts are at present very largely associated.

Since the removal of the German surtax there was thought to be an opening for German-Canadian trading companies. If Canadian partners could have been found, this development might have been an early and important one.

There is another phase to be considered in connection with the investment of German capital in Canada and the interest of Germany in Canadian securities. Since the action in Berlin against the introduction of the Chicago, Milwaukee and St. Paul shares on the

Berlin Boerse, a Copenhagen city loan was offered for subscription in the German market without the government making any objection to its admission on the Berlin and Hamburg Stock Exchanges. The authorities also consented to admit a loan of the city of Budapest, which, although competed for by a syndicate headed by a German bank, was taken up by the Credit Lyonnais and other large French institutions. This seems to show that the official action against foreign loans was directed against American securities in the first place, although the Government does not favor the introduction of other foreign securities at present. A dispatch from Berlin to *Financial America*, of New York, commenting on this situation, said:—

"This policy, alleged to be designed to protect the home money market, is of great importance to foreign countries, and especially to the United States. This is not so much because of the stoppage of an outlet for German capital, but by reason of the reaction of this 'politics of blockade' on other industrial countries. The newly created capital in Germany is very great and seeks investment. It is pouring into industrial undertakings, most investors being dissatisfied with the low interest rate on domestic loans. As German industry has hitherto depended upon exports, a further increase in her production will force the Empire in still greater degree than at present to live on outside nations. In past years domestic consumption here has not grown in proportion to the capacity of production, mainly in consequence of wages of labor having been only slightly increased—not at all in proportion with the rise in commodities prices—the people thus being prevented from buying in the measure that they otherwise would do. If, nevertheless, all branches of industry are fully occupied just now, with labor fully employed, it is precisely this expansion of industry that will increase German competition with foreign countries.

"German industry has greatly increased its markets abroad because of our excellent machinery, our exemplary organizations and the bounty-giving policy of the great syndicates. Germany is also helped by her large and efficient mercantile marine and the great number of German banks in foreign countries. There is no country in the world where the results of German industry have not been carefully introduced. Not even the half savages in the most solitary parts of Africa are considered too mean to trade with. The pressure of production in excess of home consumption will force German manufacturers to use the dumping method in a still greater degree than at present."

On the other hand, the directors of the Deutsche Bank of Berlin, in a recent annual report, urged the advisability, and even the necessity, of foreign investment as a part of Germany's economic system. Mr. Bernhard Dernburg, former Colonial Secretary, and himself a banker, took issue with the view of the German authorities in barring the shares of the Chicago, Milwaukee and St. Paul from the Stock Exchanges on the ground that the country was in danger of being flooded with "dangerous speculative securities." Mr. Dernburg declared that foreign loans should be extended in Germany rather than restricted, because Germany's ability to expand her export trade was directly involved. He attacked the theory that the introduction of foreign stocks and bonds injuriously affects the popularity of German consols and other Government issues. These, he said, have nothing particularly attractive in themselves and must be viewed from the interest-bearing standpoint purely, the same as other investments.