

FINANCE and ECONOMICS

CANADIAN FINANCE IN LONDON.

As to the Ethics of Borrowing—The Toronto Loan—Canada's Credit—Grand Trunk Criticism.

London, Eng., June 24th.

Five years ago, the talk of Canada in London, the gossip on the street, was largely new population for the Dominion, in the shape of emigration. To-day, one is impressed by the greater knowledge and keen interest in Canada's financial matters. This is very apparent to the visitor. The British investing public is remarkably well informed on Canadian progress in that particular direction. The natural result is that we have here our admirers and our critics. The former almost invariably obtain space in the Canadian press and accommodation on the Atlantic cable. The latter, in these days of Canadian self-adoration, are frequently sidetracked. In this letter, then, we will record a few London criticisms, which are neither superficial nor lacking weighty personality.

As to our municipal borrowing, the Toronto loan is one of the most recent instances. In conversation with several well informed authorities, I gather that Mayor Oliver and Treasurer Coady scarcely followed the straight and narrow way of London's footpaths of finance. As Mayor Oliver acted somewhat in a mayoral capacity, the chief burden fell upon Treasurer Coady, who seems to have upset things here a little by treading unbeaten monetary roads and talking high prices in what was then a more or less mediocre market. The Toronto loan was yesterday quoted at one per cent discount.

No reflection is intended regarding the services of the bank and the underwriters who handled the Toronto loan. The point is that Toronto's representatives might have used a little more diplomacy in the matter.

When in London, Follow Custom.

I mention this case purely as an illustration of the necessity of Canadian money being raised in London according to the financial ethics of the world's metropolis.

Several enterprises, which shall be nameless, have in the past obtained here their monetary requirements without much difficulty. But London's confidence in them is weakening solely because they raise their capital in a sort of freebooting fashion. To the Canadian financier, London's methods may sometimes savour of the frock coat, red tape and etiquette. These methods must be respected. The introduction of new fangled notions and playing with what are almost sharp practices will not do. London has the reputation; it has also the money. Those in need thereof must solicit according to the prescribed rules and regulations.

A well-known Canadian flotation recently made here has, I understand, been persistently "crabbed." In other words, a certain group, badly offended in the recent Mexican Light & Power and Mexico Tramways dispute—has helped it down the hill. This can possibly be traced to too much originality in finance.

As to Canada's Borrowing.

I had a chat to-day with Mr. Colmer, of Coates, Son & Company as to Canadian borrowing in Britain. Mr. Colmer, who has a thorough knowledge of Canada, and, as is well known, has spent considerable time there, in reply to a question, said that the public here were beginning to think regarding Canada's big borrowing.

"Government, municipal and railroad borrowing has been heavy and naturally has caused people to consider the Dominion's real needs. There is every faith in the country and it is recognized that Canada will require large sums during the next few years. It is obviously necessary that the Dominion should value and maintain its good credit. Prices

have been regarded as somewhat high and the investor has remembered the adage that all the eggs should not be put into one basket. But despite some attractive offers by other countries, many of them giving higher yields than Canadian issues made at the same time, Canada has always met with a cordial reception in London. That fact speaks volumes for British confidence in the Dominion."

Strong Feeling Favors Canadian Directorate for C.T.R.

Considerable talk is heard regarding Grand Trunk affairs. The gossip is chief regarding charges of mismanagement, the alleged necessity of a Canadian directorate of the road and its financing. All three criticisms seem to hinge on the question of the directorate. While true that most Grand Trunk stock is held in London, it is thought by responsible and influential men that a few live directors with a heavy financial stake in the road, men resident in Canada, could accomplish much to better the Grand Trunk position. It would be interesting to know the aggregate holdings by the Grand Trunk directorate of Grand Trunk stock. Sir Robert Perks in Canada recently spoke strongly in favor of a Canadian directorate.

London thinks well of Charles M. Hays, but many are of opinion that the Canadian staff might well be strengthened. Grand Trunk financing is much criticized, and compared unfavorably with that of other roads. This also applies to the personnel of the directorate. It is said that "the market," or a group of strong syndicates, kept out of the last Grand Trunk Pacific issue made here, an unusual proceeding. An opinion, somewhat widely held, is that a thorough reorganization is necessary.

F.W.F.

MR. FIELDING IN LONDON.

Minister of Finance is Feeling Pulse of the Market—He is as Busy as if in Ottawa.

London, Eng., June 24th.

Canada's Minister of Finance is at the Savoy and is almost besieged there. To the Monetary Times he said: "I am almost as busy here as at Ottawa, so many people here being interested in Canada."

Mr. Fielding spoke of the changing appetite of the British investor. "He is willing to take more risk than was the case some years ago. Being able to get attractive securities yielding 4½ and even 5 per cent., a Canadian 3½ per cent. issue is more closely scrutinized." British Consols, while still popular, attract largely the very conservative investor. The average man is well versed as to the merits of different securities. He has a good sense of discrimination. Canada, therefore, has some strong rivals in the market.

Mr. Fielding told the Monetary Times that when the Dominion Parliament sanctioned the raising of £10,000,000, the Press stated he was going to London immediately for the money.

"As a matter of fact," said Mr. Fielding, "we have several loans maturing, for which provision must be made. There is no hurry. We shall provide for them when the market is favorable. If the present is not propitious, we are not driven to it and can wait. If otherwise, arrangements may be made soon."

F.W.F.

A summary of the accidents which occurred on the steam and electric railways of Canada during June is given in The Canadian Engineer of July 2nd. The list shows that thirty persons were killed and many injured, neglect being the cause of many of the fatalities. The list is prepared in the hope that with publicity will come education and a lessening of accidents.