

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXIII. No. 1

MONTREAL, JANUARY 3, 1913.

Single Copy 10c
Annual Subscription \$5.00

1913.

The only pessimists regarding Canada's future are those who know nothing about the country. Twenty years ago, a London financial journalist of considerable influence, but with a bent of mind permanently and pronouncedly pessimistic was engaged in the congenial task of proving that Canada had no future. "Drowned in debt" was the mildest count in an indictment which happened to come to light in a dusty file the other day. Those pessimistic utterances make dryly humorous reading these days. In another ten years, if someone digs them up again, they ought to make for shouts of laughter.

"We have again to report," said Mr. R. B. Angus, president of the Bank of Montreal, at the recent annual meeting, "a year of universal and almost unbroken prosperity throughout the length and breadth of the land," and again, "The trade and commerce of the country have been and promise to continue both sound and good." There is, in a nutshell, the deliberate and considered opinion regarding the present and immediate future of the Dominion, of a banker whose sources of information are exceptional. The evidences of present prosperity are indeed all round us—in the increase in the deposits of the banks, in the larger absorption of Canadian securities by Canadian investors, in the free and sometimes rather foolish spending which has been everywhere in evidence during the holiday season. Perhaps no where else in the world during the past year has there been so high a degree of general prosperity, so little actual poverty, as in Canada. Free immigration both of capital and population, bountiful harvests, busy manufactures and the development of great natural resources have given to us no mean degree of material wealth, differing inevitably in individual proportions, yet widely and generally diffused.

It is possible, too, to contemplate the coming year without mis-giving. There are some unsatisfactory symptoms in the body politic, some, like the higher cost of living, shared with other countries, others, like the speculation in skyline real estate, peculiar to ourselves. But when allowance has been made for these, it will be probably found that it is in conditions exterior to this country rather than to any within its borders that there is to be found cause for caution and strict conservatism. The internationalisation of commerce and finance has reached a point where it is impossible for one member to be affected without

affection of the others. Canada has had some experience of this during the past year, in the temporary stemming of the torrent of capital flowing here owing to the war in the Balkans and the threatened European complications. A borrowing country, too, such as Canada is likely to be for many years to come, will necessarily feel the effect more sharply than a creditor country, where many years of commerce and industry have resulted in immense accumulations of capital, larger than can possibly be required for home developments. During the coming twelve months, the waste of capital in war, and the necessary expenditure by other European countries interested in the outcome of, but not directly engaged in, the conflict will have to be made good. There will be large demands for capital in the financial centres, additional to the calls made necessary by the great trade activity throughout the world. For a number of years, Canada has enjoyed a considerable preference over many other borrowers in the London market. With the continued growth of a sane Imperial idea, that preference is likely to be continued. But it will not neutralise the laws of supply and demand. If we are to continue to obtain capital from abroad freely, we must be prepared to pay for it such rates as are agreeable to the lenders. Without offering extravagant terms, we can well afford to do so. This is an important issue that will have to be squarely faced by Canadian municipalities and others during the coming year. A little less short-sightedness or (shall we say) obstinacy on the part of amateurs and more reliance on the advice of trained financiers would go far to obviate various undesirable circumstances which have lately arisen in this connection and would aid in the ease of relationship between borrower and lender—ease that is strongly desirable under our present circumstances.

A development unparalleled in modern history has laid upon Canadians the responsibility for the solution of problems whose gravity is only equalled by their uniqueness. They are of every kind—problems of finance, problems of industry, problems of transportation, problems political and social. Let us bring to the solution of these problems during the coming year, right principles and clarity of thought, and dilute our enthusiasm with a strong dash of common-sense. Only by such means can there be erected, upon the sound foundations already laid, an enduring structure. We have good reason for sober confidence as we enter on 1913; let us see that no extravagances or delinquencies of our own shake it.