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## Tight Money, and the Way Out.

The best cure for the present stringency in money is a period of economy. A few years of careful living on the part of the public will accumulate savings sufficient to counteract a vast amount of extravagance. The future of the money market in Canada depends altogether upon the common sense which we exercise in restricting expenditures.—*Sir Edmund Walker.*

It seems possible that in the present universal discussion on the subject of the scarcity of money, sufficient attention has not been devoted to a basic cause the removal of which would go a long way towards a substantial mitigation of the present condition of affairs. There are certain obvious origins of the present circumstances—the Balkan war and threatened European complications, the intense activity of world-trade, the clamorous demands of new countries upon the lending countries for capital to be applied to purposes of settlement and development, the fact that as other commodities have increased largely in price during recent years, so necessarily must money. One other cause for tight money which is apt frequently to be left out of sight, but in the view of experienced observers is a matter of primary importance, as the quotation from a recent statement by Sir Edmund Walker shows, is extravagance of expenditures.

This extravagance is not peculiar to any one country or people. It appears to have become a universal consuming passion, manifesting itself in public as in private affairs; in national as in individual circumstances. Of the prevalent sort of extravagance on a national scale which has an easily-traceable effect upon the money-market, there is an excellent instance at hand—the new orgy of armaments into which the European Governments are now plunging, egged on by the extreme militarists and the howling dervishes of the newspapers. This too, at a time when, as was pointed out recently by the London *Economist*, several years of immense borrowings have had their effects, and the capitalist is certainly less inclined to open his purse than he was, say, four years ago. "If Germany, Austria and Russia," observes the *Economist*, "are willing to borrow enormous quantities for their armies at anything from 4 to 7 per cent., how long will the 4 per cent. market for railways, municipalities and industrials remain open in Great Britain?" The question is of very practical interest to Can-

ada, since a considerable number of Canadian railway and municipal issues are included in this 4 per cent London market. If Governments absorb enormous blocks of capital at fancy rates, the present rate of interest for these classes of securities is not likely to continue.

It cannot be denied that the habit of extravagance of expenditures has got a very firm hold in Canada. The wonderful prosperity of recent years has heightened the effects of the universal tendency towards a higher standard of living. Examples of even stupid ostentation are not wanting, mainly no doubt, because a number of people who have not the least idea of the duties and responsibilities of wealth, have got rich quickly, and now literally don't know how to spend their money. Again, the ultra-extravagance, in both methods and valuations, of the real estate speculator and dealer is notorious. And our municipalities have not escaped contamination. We are no advocates of mere penuriousness in public affairs, but a lack of mere penuriousness does not mean of necessity extravagance, or a refusal to take heed to expert financial advice as to when it is better not to spend. So far as the municipalities are spending more money at the present time than is absolutely necessary to meet pressing needs, they are acting extravagantly, and perpetuating tight money.

For, in fact, the only way out of tight money which we in this country can make for ourselves is by the cessation of extravagant expenditure and the practise of the neglected art of economy. To that extent we can regulate our own money market. In many ways we must naturally be dependent upon outside money markets for a very long period in the future. But persistent careful living, and a tabooing for a considerable time of any form of extravagant expenditure, whether national, municipal or personal, will give us a resisting power in times of financial strain and stress which otherwise it will be impossible to obtain, and will enable us to make a steady progress which in the long run will carry us further and be considerably more profitable than a frenzied haste that is varied by severe set-backs. In conservation and consolidation, the suspension of concentration on expansion in order to allow of the accumulation of strength is likely to be found the solution of the problem of tight money, and the guarantee of sound progress.