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GROUNDS OF OPTIMISM.

In the current issue of the Journal of the Canadian Bankers' Association, there is a thoughtful and suggestive article by Mr. A. W. Kiddy, a London financial writer of authority, describing the feelings of financial London at this time and the reasons therefor. In spite of the continued appalling cost of the war—threatening, if it be continued a twelve-month more, to involve Great Britain in a gross expenditure of 4,000 million pounds, and an increase in the national debt of 3,000 million pounds—and in spite of the growing difficulty, as additional men are called to the Colours, of financing imports through the maintenance of production and exports, there is in financial London, says Mr. Kiddy, a steady undercurrent of optimism in regard to the war. For this feeling of optimism, there are several reasons. The Russian successes in the East and the failure of the German efforts at Verdun have had an enormous effect upon German credit. The great depreciation in German currency since the commencement of this year has been due less to actual financial exhaustion in Germany than to appreciation by neutrals of the apparent fact that Germany's methods of financing the war have been such as to threaten almost inevitable bankruptcy if the war is long continued, and certain bankruptcy if a long-continued war ends in favor of the Allies. The speech of the German Finance Minister on the occasion of the flotation of the fourth German War Loan, his frantic appeal to German investors to support the loan, his frank abandonment of the talk about indemnities from the Allies, which would pay Germany's war costs, and his plain hints of increased taxation are also a reason for London's hopefulness. Further grounds for optimism are the belief that while financial conditions in Germany give ground for anxiety conditions in Great Britain have actually improved. Through greater economy at home and the attention given by skilled financial experts to such questions as the maintenance of the American exchange and the exchanges of other neutral countries, the financial position is held to be distinctly better than it was, and while there is still considerable room for improvement, in Mr. Kiddy's opinion, the brain of the nation is more actively at work with regard to this aspect of war finance problems and the effect on the financial situation is much the same as might be seen in military or naval matters when it is felt that at last there is something like good organisation.

Two other points made by Mr. Kiddy deserve more than passing attention in Canada. They are, first, "the bringing out of such an exhibition of moral and spiritual force and such unity between every part of the Empire and moreover such unity between the British Empire and its Allies as to create a combined force which is likely to prove overwhelming in this conflict with barbaric and militaristic Germany;" secondly, the mobilisation of financial resources not only in Great Britain but in every part of the Empire. The latter, of course, is part of the manifestation in practise of the former. Perhaps, we are not yet sufficiently far removed from the events to appreciate the enormous significance of the financial help which Canada has lately rendered towards the prosecution of the war, apart altogether from help in men. Possibly only the cold light of history will enable a proper appreciation to be made of current events in this connection. For the sending of men overseas there was the precedent of the South African war, but for the raising of nearly \$200 millions of Canadian money for the express purpose of prosecuting the war and the giving of large credits by the Canadian banks to the British Government, there has not only been no precedent, but even so lately as the outbreak of war, such a course of financial events here would have appeared unbelievable. Canada had always relied upon British capital; we began our war expenditures relying on the British Government. As appreciation of the immensity of the task grew, with it grew the capacity to undertake new and unheard of financial burdens and tasks. There is no Canadian who does not wish at the present day that every cent. of Canadian war expenditures shall, if it be at all possible, paid with Canadian money, and that the utmost shall be done that is possible to extend other financial aid. Not for conceit, for for encouragement, it is well to remember occasionally that in this connection skilful direction has performed wonders since the war began. Even at the present time, we are not beginning to strain to the limit of our capacity, as the free spending on unecessaries and luxuries attests. With an appreciation of what has already been done, and widespread education in the methods of accomplishing the great task that still awaits completion, we shall be able to go forward steadily in the direction of achieving whatever in this respect the necessities of the war demand.