

The Chronicle

Banking, Insurance and Finance

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F. WILSON-SMITH *Proprietor and Managing Editor.*

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406-408 LAKE OF THE WOODS BUILDING,
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million pounds sterling, a total which compares not unfavourably with the 3,000 million pounds foreign investments at the present time to 2,640 sterling of 1914. In point of fact, Great Britain's loans abroad during the war, considerably exceeded her borrowings abroad during the war, though for obvious reasons, all the loans may not be good. That there will be a further enormous British investment abroad in the not far distant future, there is not the slightest reason to doubt.

So far as the present adverse condition of New York exchange in Canada is concerned, it is simply stating a platitude to say once again that the adverse exchange is merely due to the fact that while we are selling on credit, we are paying cash for our purchases. The fact that we have thus sold on credit has enormously strengthened our financial position, assuming that the credit is good, and the adverse exchange is a trifling inconvenience in comparison therewith. As a matter of fact, if we had not sold on credit, and do not sell on credit, we should have been, and still would be unable to sell at all. The result would be that while prices of commodities would be lower, there would be such a stagnation of trade, as would more than offset that lower price of commodities, in comparison with present trade activity, and the higher prices of commodities.

Mr. Macaulay's motive in the stimulation of trade between the different parts of the Empire is admirable. But we do not think any good purpose is served at the present time by under-estimating the position of financial London or its capacity for enlarging its prestige in the not far distant future. That New York has made immense strides as a financial centre during the war-period no one will deny, but that it has displaced London may be seriously disputed. With foreign investments practically unimpaired, an industrial productive capacity extracted at least 50 per cent. in advance of the pre-war standard, and with bankers and financiers who have not "lost their cunning" as a result of their war experience, there is

no reason to suppose that once British industry has got over its fit of unrest—and unrest does not last forever—that financial London will not continue in its old fashion.

The events of the past week go far to justify the expectations of many observers that the United States, which has so far escaped the worst forms of industrial unrest, is about to have its share. The demands made on behalf of the railwaymen, that if any profits are made from operation they shall have them, but that a long-suffering public shall shoulder losses, show to what crazy lengths so-called "labour" opinion is likely to go in its present mood. A year or two ago, we were accustomed to think that it was only Germans who lacked a sense of humour, but evidently there are some "labour" leaders on this side of the Atlantic equally deficient in that essential commodity. That the news of this demand resulted in a sharp break on the Stock Exchanges is not surprising, though it was the occasion rather than the cause, of that break. The event merely constituted the happening for which many had been looking. Prices of many stocks were altogether out of line with their intrinsic values, and under such conditions anything—a labour demand, a high cost of living investigation, or what not—will bring down the balloon.

While in the early part of the week, the Canadian markets kept up fairly well, there are probably a good many local people now beginning to sadly realize the fact that Stock Exchange quotations at the end of a long period of rising markets, do not always move upward, and justify wild gambles without any regard to the merits of stocks, or the exercise of a trained financial judgment.

DOMINION BANK FORMS IMPORTANT AFFILIATION.

It is announced that the Dominion Bank has formed an affiliation with the British Overseas Bank, Ltd., an association of banking institutions comprising the following large British corporations, in addition to the Dominion Bank, which is the only Canadian Bank represented:

Union Bank of Scotland, Ltd., Williams Deacon's Bank, Ltd., Anglo-South American Bank, Ltd., Glyn, Mills, Currie & Co., Northern Banking Co. of Belfast, Ltd., Imperial Ottoman Bank, Ltd., Hoares' Bank.

One of the objects of this important British corporation is to facilitate the foreign trade of the Empire by specializing in exchange payments,

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