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Germany's Investments in Canada

INVESTIGATION *of The Monetary Times shows that comparatively little German money has been placed in the Dominion—Some interesting phases of the Fatherland's consideration of Investments here—Dresdner Bank's Canadian venture*

GERMANY has seldom lacked initiative either in commerce, industry or finance. In investment it has invariably acted cautiously, with the result, as it has happened, that German ventures in Canada have not been large. Canadian Pacific Railway shares have been traded in there considerably, many important Canadian Pacific Railway movements having originated in Berlin. The next interest of any significant importance in Canada was that of the Dresdner Bank with Messrs. J. P. Morgan & Company. This took the shape of a two million dollar investment in the now defunct Sovereign Bank of Canada, of which the German bank contributed one million dollars. The failure of the Canadian institution, in the opinion of German authorities, shattered faith, and will for many years prevent further large investments from Germany coming to this country. The Dresdner Bank's investment was to have remained in the country, that German institution having agreed to the plan of the formation of a new company to take over the assets of the Sovereign Bank.

Several smaller investments have been made in farming lands. A land company was incorporated some years ago at Winnipeg and obtained the money of small investors in Germany for the purpose of acquiring and selling farming lands in the West. Having bought areas, at what must be regarded as too high a price, the company recently was unable to sell its lands. This particular concern was launched when the immigration movement from Germany to Canada was active. A few years ago the exodus from that country totalled 280,000. In 1909 the figures had declined to 20,000. The chief reason is that Germany has changed from a farming to an industrial nation, the change being furthered largely by the indemnity received after the Franco-German War. The farmers migrated to the prosperous cities and became industrial workers, earning more money with less labor. Like Canada, Germany experiences difficulty at present in obtaining labor to garner its crops. Harvesters are usually obtained from Russia in order to relieve the situation, but that source is no longer available.

There is little likelihood of Germany becoming interested in the financing of Canadian railroads. The chief German interest in Canadian investments is in railroad stocks affording speculative opportunities. Canadian Pacific is listed on the Berlin Exchange and Grand Trunks are traded in through London. The Canadian Northern stock probably would have had a big market in Berlin had it not been for the war.

No German interest is exhibited in federal and provincial government and municipal bond issues. Inducements do not exist to counteract the influence of distance between the two countries. The small German investor prefers the bonds which are issued by his own country, or by neighboring nations. He also invests largely in bonds which are released by lottery at a premium.

Light and power propositions do not, generally speaking, appeal to German capital. The Imperial German Government makes every effort to interest money available in that country for the promotion of these industries in its own country or colonies. The Canadian iron industry might have attracted capital from the Kaiser's land, but much educational work would have had to be done, as Canada in the minds of many still forms part of the United States, and the possible competition of the United States Steel Corporation was not regarded favorably by Germany. Another unfavorable factor were the experiments being carried on in the Dominion with electric smelting. The chief effect of these experiments has been to introduce an element of uncertainty into the situation.

In mining ventures the Cobalt camp does not figure. The mineral obtained in Northern Ontario is similar to the ore which has been mined in Saxony for the past three centuries. The experts who visited Cobalt in its first days reported that it was a freak camp, and rather deprecated investment in its mines. That fact, together with the failure of one or two badly organized and unsound propositions floated on the London market, has checked the inflow of European capital into the development of Canada's silver mines. One German company, for instance, with an office in Toronto, claimed to have the secrets of ore treatment as in use by the Royal Saxonian Government, secrets which have been jealously guarded for many years. The consequent failure of this company created bad feeling in this country and Germany.