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## THE GENERAL FINANCIAL SITUATION

The Minister of Railways and Canals announced at the end of last week that the Mackenzie and Mann interests have now definitely retired from the directorate of the Canadian Northern, and that pending the final reorganization of the board the operation of the system will be in the hands of a quorum of the directors composed of Messrs. D. B. Hanna, A. J. Mitchell and G. A. Bell. It was also stated that within a few days there would be an order-in-Council by which the National Transcontinental, the I. C. R. and the C. N. R., with their various branches would be incorporated into one system under the one directorate. The Minister at the same time said that the cabinet is doing the best possible to keep the Government railway system absolutely out of politics and to have all parts of the country represented in the directorate that controls the operations. Every one with average intelligence can see that this is a most important step; and in all parts of the Dominion, to say nothing of the United Kingdom and the United States, the people will watch very closely the results of the operations of the Canadian Government Railways as thus importantly extended. There is no doubt that a large section of the best intelligence of the Dominion considers that it would be wise to try out the Government system as at present constituted for several years before undertaking to acquire the old Grand Trunk or the Canadian Pacific. That would give time for noting the defects and dangers as well as the advantages involved in this novel plan of Government ownership. Then if it appears that the results are good and beneficial for all classes of the community whose interests are entitled to consideration, the propriety of proceeding further with the nationalization program could be discussed. This policy does not apparently commend itself to the section of extremists whose voices are heard almost to the exclusion of all others. They are doing what they can to force the Government during the confusion and turmoil occasioned by the war to take without proper consideration momentous steps which could not perhaps be retraced. It is to be hoped that Ottawa will move carefully and circumspectly in regard to further extension of Government ownership of railways.

The business community evidently regards as satisfactory the recently announced change in method of handling the wheat crop. Last year many Canadian dealers and shippers who had

been long in the grain business experienced considerable hardship as a result of the virtual monopoly granted to the Wheat Export Co. In case of the 1918-1919 season the business of buying, shipping and exporting our grain crop is to be open to the regular dealers and shippers subject to Governmental control. They can thus carry on their business as before the war. It is expected, of course, that the wheat remaining for export, after home needs have been satisfied, will be sold as heretofore to the British Government. But definite financial arrangements regarding the operations of the British purchasing agents have apparently not yet been made; and to obviate any possible delay through unreadiness of the British agents to take all grain offered to them, the Dominion Government guarantees a market for the surplus Canadian wheat at the price fixed by the Board of Grain Supervisors. That is to say if our dealers have grain to sell with no buyers in the market the Government will buy—presumably using for this purpose the proceeds of short date credits granted by the Canadian banks. Thus it would appear that the bank credits based on grain during this season will be more like they were before the war—their regular customers, the grain dealers, millers, etc., will get larger advances instead of the concentration of credit in the hands of the one central borrower. Last year it will be remembered the banks participated in granting a special credit of \$100,000,000 to the British Government, which credit was operated by the Wheat Export Company.

Stock speculators in Wall Street, after carefully considering last week's action of the bankers in regard to limitation of amounts loaned at call, have apparently arrived at the conclusion that it will not be an easy matter to boom the price list under the circumstances. Towards the close of the week the banks notified the brokers that the amount of funds loaned on Wall Street collateral would not be increased. That was tantamount to saying that brokers could not obtain new loans to take up fresh purchases of stocks unless they had meantime liquidated some old loans in whole or in part. Also the brokers were notified that they must send in daily statements showing the amount of their loans from banks. The action of the banks was prompted no doubt by the recent activity of bull speculators and by the consideration that the fourth Liberty Loan is to be floated at the end of this month. It is difficult to conceive

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