

**FINANCE AND POLITICS.**

"Our financial system is a dismal failure, our banks are responsible for the present stringency in the money market, and the mismanagement of our fiscal affairs is a burning shame."

These are the "sagacious" and "public-spirited" words attributed to Dr. Sproule, M.P., for South Grey, by a newspaper of his own political stripe. That any public man in Canada, of average intelligence should, in view of recent experience in the United States, indulge in such irresponsible talk, is almost inconceivable. To be perfectly frank, we do not regard the opinions of Dr. Sproule on financial questions as being of any great importance. But when expressions of this kind are gravely reported by newspapers of considerable circulation as being the words of an oracle, they afford infinite possibilities for mischief. In the language of Holy Writ: "It must needs be that offences come, but woe to that man by whom the offence cometh." With the example of President Roosevelt before him, why should any public man in Canada, with a glimmering of common sense, or why should any political party, with a particle of worldly wisdom, wish to assume the responsibility of bringing about conditions in the Dominion, similar to those that have prevailed lately in the United States? The only possible extenuation, not to say justification, of this kind of utterance, is some such benevolent attitude as that of the Roman Church with reference to heretics, which recognizes for them an eternal hope, on the ground of "Invincible Ignorance." His Excellency's Loyal Opposition has some competent financial critics, like Mr. Osler and Mr. Foster, to whom such questions could surely be left, with the reasonable certainty that they would speak upon them with intelligence and with a sense of responsibility for the possible consequences of their words. That the financial policy of the Government and the banking system of the country, should be fairly discussed by the representatives of the people is obviously desirable, but the subject is not one that every member of Parliament is capable of discussing intelligently; and there are times when discretion in talking about such questions is particularly desirable. We are quite sure that neither Mr. Borden, nor any of his lieutenants, would desire to bring about in Canada, the state of affairs from which the United States has suffered, and for which the indiscreet talk of President Roosevelt is largely blamed.

Dr. Sproule is reported as saying: "Our banking system although a good one, falls far short of meeting the needs of the country." It is not related that the doctor made any suggestions for the improvement of the banking system which falls short of his ideas. The omission reminds us somehow of the university student who went to one of his professors, with the modest observation that he thought he could write some proverbs as good as those of Solomon, the son of David, king of Israel. The answer of the professor was instructive, and suggestive—"Write some!"

**TRANSATLANTIC FINANCIAL PARALLELS:  
GERMANY AND THE UNITED STATES.**

Neither London nor Paris is more keenly interested in the course of events in America than is Berlin. Britain and France are feeling the international strain—and that severely. But both have shown themselves to be in control of their respective positions, so far as essential strength is concerned. But Germany is in somewhat different case. Indeed, conditions in that country seem closely analogous to those of the United States. Of late years there has been tremendous industrial activity, with concomitant speculative fever. The American and the Teuton have seemed alike filled with an ambition to overtake their steady-going British rival in the race for industrial and commercial leadership. And there were not lacking signs of success in the effort. But the old, old tale of the hare and tortoise may seem truer during the next three or four years than in those just passed.

While an English manufactory commonly has behind it the capital accumulations of years—not of generations—a German factory is ordinarily built on credit. And the tendency after prosperous seasons is to expand business rather than wipe out indebtedness. Thus, as one British critic points out, German banks are frequently sleeping partners in highly speculative enterprises—a condition of affairs not very different from that which has come to light with regard to certain American banks. Unfortunately there is little doubt that Germany has over-strained itself in its desire for rapid progress. There has been an artificiality in the stimulation which must involve some reaction. In the realm of national affairs, Baron Von Stengel, secretary of the Imperial Treasury, was compelled recently to admit that the financial position was sombre. He called attention to the fact that the deficit in 1907 was 109,000,000 marks and in 1908, 200,000,000 marks.

A month or more ago, the Prussian Minister of Finance, Baron Von Rheinbaben discussed at length the monetary stringency with which business throughout the country was confronted. He accounted for the present scarcity of money by the absorbing of existing capital in industrial and commercial extensions—and explained the low price levels of standard securities by the fact that holders had sold them to invest in tempting industrial opportunities. Altogether, the Baron's remarks pointed to a serious situation for Germany. Prussia with its state-owned railways, has been finding increasing difficulty in obtaining money to make needed extensions. These and other needs have led Baron Von Rheinbaben to draft a law which would compel savings banks to become extensive purchasers of Government bonds, thus making easier the meeting of the Government's current obligations.

State and municipal borrowing has assumed tremendous proportions in Germany within recent years. And as this increased borrowing has been in the inverse ratio to the decreasing demand of investors for internal bonds, the effect of late has been to aggravate seriously the monetary stringency. That this state of affairs seems largely the result of extending public ownership and municipal trading should afford timely warning to other lands