

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXVI. No. 26.

MONTREAL, JUNE 30, 1916.

Single Copy 10c.
Annual Subscription \$5.00

WAR CREDITS.

The intimation that Canadian bankers have been conferring with Sir Thomas White this week in regard to the matter of further credits to the Imperial Government for account of the Imperial Munitions Board was anticipated. It has been obvious for some time that Canada could not yet rest on its laurels in the matter of financial aid to the mother country. What has been done hitherto constitutes no mean accomplishment for a country which up to two years ago had been accustomed to rely, almost entirely, upon capital from abroad for its development. With \$50,000,000 raised for our own war expenses, and \$126,000,000 credits given to the mother country, including the \$50,000,000 granted by the Dominion Government from the \$100,000,000 raised by the domestic War Loan, as well as the absorption of a considerable if unknown amount of our securities which were previously held on the other side of the Atlantic, we have no reason to be ashamed of the part Canada has so far played in the programme of financing the tremendous financial requirements of the Allies. True, in helping the mother country, we have been helping ourselves. It seems probable that Canada would have received only a small proportion of the munitions orders which have come to us, had these arrangements for credit not been made, and in consequence the great stimulus which has been given to Canadian industry would not have been experienced to its existing degree. What this stimulus means in dollars and cents to many classes of the community may be gauged from the fact that it is estimated that 70 per cent. of the banks' credit of \$76 millions comes back to them, as it is distributed, in the shape of fresh deposits and in the further fact that over 400 factories in the Dominion are now engaged in munitions manufacture.

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To a certain extent, doubtless, this activity would be continued whether or not new Canadian arrangements were made for financing it. At the same time, the British Government has undoubtedly recently followed the policy of making its munition orders depend in part at least upon the arrangements for financing them. It may fairly be presumed that to a considerable extent, future orders for munitions in Canada depend upon the facilities given for financing these orders here. Evidently, the Allies, with Great Britain financially at their head, have very great resources, both known and secret, available for taking care of their liabilities abroad—resources which it

may be said are now being utilised with great skill and foresight. The task before them is, however, so great that help by the further mobilisation of the financial resources of the overseas Dominions is distinctly welcome. The granting of credits to the Imperial Government by Canada has therefore two aspects—in the first place, it is a valuable contribution to the cause of Great Britain and the Allies; secondly, from the point of view of Canada it is sound business policy as a requisite of continued important orders for munition supplies from our plants.

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It is now announced that a new credit of \$25,000,000 will be granted by the banks to the Imperial Government at once. Presumably, therefore, a new domestic War Loan will be deferred until the fall. Were this loan a great success, and at the same time revenue come in freely, the Minister of Finance might find it possible to follow the precedent set last year and allocate part of the funds thus contributed as a further credit to the Imperial Government. These facts and possibilities of further war financing, let alone the possibilities involved in another economic crisis at the conclusion of peace, emphasize once more very strongly the present-day necessity for thrift. The extent to which credits can be granted to the Imperial Government, domestic war loans raised and preparations made for tiding over lean years, depends ultimately on the savings of individuals. There is no magic about these operations; their success depends altogether upon the steady, persevering accumulation of real wealth, and there is no other way for their achievement. It is regrettable that in this matter, the Dominion Government has not given a better lead to the country. Practically, the whole burden of insistence upon the necessity of economy, except for the inefficient "Thrift and Production" effort, has been left to the bankers and financial leaders. Possibly the Government feels that any efforts it made would have little effect—as it is said similar efforts have had in Great Britain. The matter, however, is of such cardinal importance that efforts should have been made long before this, whatever their ultimate result, which could only be proved by actual trial. As it is, a large number of Canadians have never been instructed in the matter at all, and, simply through lack of knowledge, extravagant expenditures are being widely indulged in, that under present circumstances are merely reprehensible. It can hardly be fairly said without trial, that Canadians would be entirely indifferent in this matter to their patriotism and common-sense.