

CANADA WILL SUFFER LEAST

Will Also Recover Quickly From War Effects and Profit Considerably, Too, Says Dr. Shortt

Professor Adam Shortt, of Ottawa, has returned to Canada from England. Before leaving London he interviewed Sir George Paish and other leading authorities on financial conditions in London. He discussed with them the problems of British finance, especially in their relation to Canadian conditions. The impression prevailed in London, said Dr. Shortt, in an interview with the Toronto Globe, that there is no reason for any Canadian financial panic, and no reason why Canada should not profit greatly from European conditions as affected by the war.

Expect War to be Short.

According to the London financiers, the war will not be of long duration. Many of them expect that the struggle will be practically decided by Christmas, and, in any event, by next spring, the problem of financial and food supplies for Germany and Austria being the determining factor. With the British navy in control of the seas, and food supplies for the allies from abroad being thereby guaranteed; with the financial resources of Russia, France and Great Britain considerably greater than those of the enemy, and with the prospect of both Germany and Austria being unable to maintain the present pace or to till their fields next year, Dr. Shortt says the pressure from financial stringency and from shortage of food supplies in Austria and Germany should compel them to come to terms with the allies within a very few months. That is the impression which prevails among the best economic authorities in Great Britain.

To Stimulate our Trade.

As to Canadian conditions affected by the war, Dr. Shortt pointed out that, because of the limitation of European supplies of food, lumber and the other necessities of life which Canada produces, there must be an increased demand from Europe for the things which are produced by the Dominion from its natural resources. This increased demand means higher prices and a stimulus to the basic industries of Canada which, in turn, must mean increased national prosperity in practically every line of economical production in Canada.

He noted that in the past international wars had invariably meant good times in Canada, especially for the basic industry of agriculture. "A good harvest and a bloody war" were ironically said to be the farmers' prayer. There was economic justification, at least, for such an idea, especially under present conditions in Canada. Before the war broke out, said Dr. Shortt, there was in process a necessary and salutary readjustment of financial and industrial conditions.

Halt had been Called.

Urban development had far outdistanced agricultural development. The floating of securities of all kinds for industrial enterprise, the mushroom growth of cities, enormous expenditures and borrowing for municipal, provincial and national purposes, real estate speculation, and all the other concomitants of boom times had developed a condition where European financiers were already calling a halt and financial stringency had already made itself severely felt. On the other hand, agricultural production had not by any means kept pace with urban and industrial expansion.

The chief need of Canada before the war broke out was to get people back to the land and to stimulate agricultural expansion on a profitable and permanent basis. The effect of the war, Dr. Shortt said, would be to accelerate the process which had already begun. The wind was let out more rapidly from inflated securities, bringing them down to real values, while the enhanced prices for foodstuffs and other commodities of natural production would mean a greater stimulus toward restoring natural industries to their proper place in the Dominion.

Market for our Products.

As a result of the waste of money and of all surplus European capital on the war, he continued, there would have to be a consequent economy for some years to come on "the luxuries and frills" on the part of the European nations. But for food products and other necessities there must still be practically the same, or increased, demand. Canada's exports were at least eleven-twelfths necessities of life.

Only a very small proportion of our manufactured exports could be considered as "frills." And it was only in regard to the latter that European economies and the shortage of capital would be felt to any degree. Moreover, after the war had been brought to a close capital seeking investment would be apt to consider only the safest kind of opportunity.

Canada, with its national prosperity based on the development of its natural resources, could offer to European investors a safer field and a more ready return in dividends than any other country in the world. Basic conditions were sound, so far as Canada was concerned, and, though there would undoubtedly be hardship in some quarters through the more rapid but necessary readjustment of abnormal conditions in consequence of the war, the ultimate result should, within a few months at most, be beneficial for the whole country. There was absolutely no reason for any financial panic or for any pessimistic view of business conditions in Canada.

Some of the Financial Problems.

Dr. Shortt admitted that there would be considerable difficulty experienced for some time to come with regard to municipal, provincial, national and railway financing. Canada had considerably over-borrowed in the past few years, and even without the war there would have been necessity for strict economy and a slowing down in regard to borrowings and all unnecessary expenditures for some little time in the future.

The war had emphasized the necessity, recognized months ago, by the banks in Canada and by every student of economics for the putting on of the brakes. As would be the result in Europe in regard to economy on the frills, so in Canada pending a restoration to normal conditions and the natural increase of general wealth through the development of agricultural prosperity, there must be a cutting out of the frills here in regard to public expenditures, in regard to the flotation of new or doubtful enterprises, and in regard to further railway expansion.

As to the British Moratorium.

As to what would happen in Great Britain when the moratorium period expires, Dr. Shortt said that financiers in London could give no very definite opinion. The moratorium, he said, was declared not so much because of any financial panic in Britain itself, as because of the international situation, with Germany and Austria endeavoring to hit Britain financially by selling all securities held by these nations in the great clearing house of the world and forcing a great drain of gold from London.

There was, he said, ample evidence of a deliberate design by Germany during the week immediately preceding the declaration of war to create a financial panic in London by a concerted selling of stocks, not only from Germany direct, but through Holland and Denmark. It was to prevent this panic, to keep the London supply of gold from being exhausted and to prevent a needless sacrifice of good securities on the market that the moratorium was declared. Dr. Shortt believed that there need be little fear but that all securities having sound value will be maintained at their intrinsic market worth. Wildcatting, however, is doomed for many years to come.

The Kaiser's wishes are towards Paris and his feet to Berlin—wrong way to do business.

Has Montreal had enough of Mayor Martin? If so, Montreal wants to work a little harder at election time.

"We are going along about as usual—not restricting credit to our customers for their legitimate requirements, but not taking on new business or making advances for other than business purposes."—Mr. H. B. Mackenzie, general manager of the Bank of British North America.

The suggested panacea for hard times is, in a few words, this:—(1) Force the banks to lend lots of money; (2) authorize the government to print it for them; (3) legislate people out of the necessity of paying it back. It sounds like a triumph of genius, yet so simple that it is surprising it was not thought of before. Still those who do not mistake glibness for profundity are apt to suspect that its advocates have miscalculated something somewhere.—Toronto Telegram.