

FINANCIAL SUPREMACY.

Certain authorities have dared to question the financial supremacy of London. New York, it is asserted, will soon be a very strong rival, to the first city of the world. The possibility of the world's financial supremacy being transferred from London to New York, makes one think. The subject has been keenly discussed on both sides of the Atlantic. With the increase in population, wealth, and trade, not only in the United States, but in Canada, it will become a recurrent topic.

Years and years ago, Venice was the chief financial centre of the world, Amsterdam succeeded to this honor; then London obtained and held first place ever since. Sir Herbert Tritton, an authority on such matters, thinks that although that city's supremacy is not as yet seriously threatened, London one day will have to confess to being beaten.

The reasons which make a city paramount in finance are divers. To become a financial centre of the world, a city must be the financial centre of its own country. Its own country should sell to all nations, should loan to all nations, and should buy from all nations. It should have larger accumulated resources seeking world-wide outlets. Its mercantile marine should be as large, or even larger, than the aggregate of any other two or three countries combined. Another reason and an important one, is that the cost of production, and consequent power to export, should not be enhanced by unnecessary legislation.

Sentiment plays an important part in finance. When a man trusts his banker, the banker will prosper. If confidence is lacking in finance and in financial institutions, there is no foretelling the end. The world's money centre must have the confidence of the world. There must be a definite and unchanging weight of gold in the currency values. Holders of documents, which assign to them at a given date a certain value in money, must be able to obtain, if they so desire, an equivalent weight in gold.

If it does not suit the Bank of France to pay in gold, a holder of notes is liable to be paid in silver five-franc pieces, worth about one-half their face value. In Germany the obligation to pay in gold exists in theory. In practice, the Reichsbank would probably make matters somewhat unpleasant if one asked for payment in gold. A cheque in England can be exchanged at once for gold, or for Bank of England notes. The notes can be taken to the bank and immediately changed into sovereigns. London is the only place where the possession of a draft gives the immediate and unquestioned right to its equivalent in gold.

The financial supremacy of New York in America might even be questioned. There are doubtless people in Chicago who would willingly put in a claim for the premiership, although such a claim would be difficult to substantiate. New York possesses many qualifications for the world's financial supremacy. But the mercantile marine tonnage of the United States, after excepting that employed on the rivers and the great lakes, is somewhat insignificant. Great Britain and her independencies own more than one-half the aggregate tonnage of the world. Colonial policy is another important factor in this question. Countries strong in colonies become strong in finance. United States colonization is somewhat in the experimental stage.

Whether Canadian financiers in general would welcome such transfer of power from London to New York, is questionable. One cannot help feeling safe with the Bank of England in the middle of the financial see-saw. The slightest unusual movement in its discount rate sets the financial world agape, because it is known there exists a very good reason for

a change. In New York one scarcely knows what to expect next. That city has sprung upon the public some pretty big monetary surprises on more than one occasion. New York will have to hustle; and perhaps improve its morals, before it will wrest the world's financial supremacy from the City of London.

"DON'T SCARE CAPITAL."

This was the timely advice to Canada, recently given by a celebrated literary man, while on a visit to Montreal. Said he:—"If nothing calamitous occurs to shake our faith in the future of this country, if nothing radical is done by the powers that rule, to discourage the colonist and the capitalist—especially the latter—Canada in 1907 will make greater progress than has ever been made by any country in the history of the world."

Canadians probably will not feel so sanguine regarding the probable progress of their country this year. They are confident that in Canada is their great heritage, and that from this forward a constant growth is assured. But it is with the warning, "Don't scare capital," that many are more particularly concerned at the moment.

Financiers who have recently been abroad, assert that the events of the past few years in Canada have tended to create a certain amount of disquiet amongst Englishmen and others who have been looking towards Canada as a field for investment. They think they see in Canada—as well as in the United States—a growing tendency on the part of the Government to interfere in matters which have hitherto been considered as outside the Government functions. They also imagine the existence of a feeling on the part of the people to interfere with franchises or to refuse to renew them, save at much more favorable terms to themselves.

There is much inuendo in all this, but no specific charge. In the absence of the latter, a reply becomes somewhat difficult. If it is to be understood that our English cousins are fearful that faith with them may be broken and their interests confiscated in legitimate enterprises in Canada, whereof does this fear arise? If they simply mean that a tendency is evinced to demand a higher price for Canadian franchises, inferring from this that there is an aptitude to deal crookedly, this can scarcely be admitted.

This country is rapidly growing. On both sides of the Atlantic exists the belief that it will continue to expand. The gentleman referred to above believes it will grow faster this year than has any other country before. The obvious conclusion is, that the franchises are worth more than formerly. At the end of this year they naturally will be worth more than they now are. Assuredly, then, it would be rather curious or even dishonest were not more received for these franchises than formerly, or were franchises which, with each succeeding year, are certain to become more valuable, sold at their present face value.

Where these matters are loosely handled and where franchises are dealt out with a free hand to anyone who will sit into the game, is where dishonesty exists. When graft sits in the high places it is time to tarry. When the powers-that-be transfer with impunity the birthright of the city or the country for a mess of pottage to satisfy their own appetites, the people have not yet developed the faculty of discriminating between mine and thine. Then the capitalist may expect indifference when he, in turn, becomes the victim of confiscation.

Canada wants capitalists, and there is no place on earth where they may be more certain of reward than in this country. But the country which makes a habit of giving twenty millions to the man who invests one million cannot expect to have a balance to its credit. Such methods can only be carried on by placing manu-

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