

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH, *Proprietor and Managing Editor.**Office:*406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00 Single Copy, 10 cents.

MONTREAL, FRIDAY, MARCH, 21st, 1919

THE GENERAL FINANCIAL SITUATION.

(Continued from page 301)

quarters regarding arrangements made by the Canadian Trade Mission Overseas for purchases of Canadian products by several of the smaller European countries, such purchases to be paid for by credits from the Dominion Government, are not complimentary to the business judgment of the personnel of that Mission, and we believe, are ill-founded. The Mission includes a number of well-known business men, and there is no reason to suppose, that in the arrangements which have been so far completed, and other arrangements which are in process of completion, that they have overlooked the elementary and primary matter of the paying ability of the purchaser and creditor. The work of the Trade Commission, and the credits which will eventually be given by the Canadian Government as a result of its activities, appears to be obtaining large dimensions. Credits aggregating \$100,000,000 have been offered to France, Belgium, Roumania and Greece. The arrangement with France has been, and that with Roumania, is being completed, the credit in each case amounting to \$25,000,000, of which one-fifth is to be spent upon foodstuffs, one-fifth upon raw materials, and three-fifths upon manufacturers. An agreement with Belgium is being arranged and satisfactory negotiations are being carried on with the Government of Greece.

It is becoming increasingly clearer, as time goes on, that it is in these credit arrangements by the Dominion Government, and not in any activities of individual manufacturers, that the main hope of maintaining Canada's export trade for the next year or two lies. On this count, too much importance cannot be attached to the work of the Canadian Trade Mission, since their success means by so much, the solution of the employment problem in Canada, and the meeting of our obligations abroad, both in payments for imports and of interest upon borrowings.

The problem of the collection of indemnities from Germany continues to exercise the minds of

financial experts. There appears to be a general consensus of opinion that Germany is well able to pay a very large indemnity, apart from the enforced cession of territory. One interesting suggestion, made to avoid the troubles likely to arise from the depreciation in German exchange, is that part of the annual indemnity payment, instead of being remitted to the Allied nations at once, be re-invested during the first five years in approved German securities. It is estimated that at least £250,000,000 sterling could be paid over annually to an International Commission representing the Allies. Under the plan suggested, this money for five years would be invested in Germany, and only the interest remitted. At the end of five years, the Allies would have £1,250,000,000 invested and an equal amount in cash from the expropriation of German investments abroad, which have been estimated at a similar figure. For another five years, half the indemnity would be remitted annually and half invested, giving the Allies at the end of the term £1,875,000,000 in cash and an equal amount invested in Germany. In a third five-year period, the cash payment would be raised to £300,000,000, bringing the cash aggregate to £3,375,000,000. Whatever plan of "raising the wind" with Germany is inevitably adopted, it is obvious that the Allies are not disposed to let Germany off easily in the matter of financial reparation for wanton damage done.

WHAT CANADA OWES TO THE BRITISH NAVY.

(By the Hon. Sir Charles Hibbert Tupper, Ex-Minister of Justice for Canada.)

Canadians owe more to the Navy than they can ever pay; and this apart from the service rendered by it to civilization throughout the world generally. A great commentator on English law wrote in 1758 (half a century before Trafalgar): "The Royal Navy of England has ever been its greatest ornament; it is its ancient and natural strength, the floating bulwark of our island."

But for that Navy the expansion and preservation of the British Empire had been impossible. But for the Navy Canadians would not be in possession of the better part of the North American Continent and enjoying, as they do, the happiest possible system of Government. And yet the gigantic burden, ever-increasing, for the maintenance of this indispensable force and influence for good has substantially fallen on the British Islands alone.

For many years our flag has been flown on every sea. What organization can compare with the British Navy in respect to benefits conferred on mankind? We hear now much of the "Freedom of the Seas." For all this freedom (in its true sense) our Navy is responsible. Piracy was stamped out by it—the Gospel could not have been preached throughout the world but for it. Many