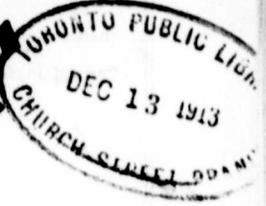


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SIR GEORGE PAISH AND THE OUTLOOK

The views expressed by Sir George Paish, the editor of the *London Statist*, in his recent speeches at Montreal and Toronto, are interesting not merely in themselves but as the expression of the thought of a trained and competent observer whose opinion carries weight in circles abroad, through whom are supplied very large quantities of the capital which Canada needs for her development. Sir George considers that in recent years we have been laying the foundations for future business; we have been preparing for a great expansion in productive power. While within the last ten years an unusually large proportion of our population has been engaged in construction work, in the next decade a greater part of our population will be engaged in productive work. It is perhaps not to be expected that this change in direction of the energies of a considerable part of our population will be accomplished without some difficulty; the adjustment of population to new conditions is always a thorny problem requiring the best energies of statesmanship and administration to direct it. But at the present time there is no indication that it cannot eventually be successfully solved in Canada, and that without hardship. For the time being there is a little check to expansion, due, as Sir George put it, to the fact that the world has over-spent on capital account during recent years. The bankers of the world have lent a good deal of banking funds which in normal circumstances would have been provided by investors. These bankers' loans have now to be funded, and the amount of capital which will be available in the world's financial centres for entirely new works will be small. So that during the next two years it is desirable for Canada to reduce her borrowing in order that the financial centres may be in a position to fund the debt that ought to be funded. But after a comparatively short time the financial centres will be in a position to lend as freely as ever. "When you look beyond the next year or two" says Sir George, "no one can regard the outlook of this country without feelings of the greatest hope and confidence. I personally, and my views are shared, I think, by everyone who is well in-

formed, feel that the future of Canada is brighter than that of any other country in the world, and that, therefore, you may get through the next year or two of relative quiet times and know that when you have got through them you will then be able to go faster and more safely than you have ever done before."

All this is very cheerful and satisfactory, and we may believe will have a good effect in the quarters where it is desirable that it should have some influence. Sir George had some interesting things to say with regard to the rate at which we are able to borrow and our present foreign interest obligations. He calculates the latter at \$135,000,000 annually—a large amount, but not greater than can be easily provided. With regard to the rate of interest paid for our borrowings, he maintains that no one else has ever borrowed capital in London on as low terms as has Canada. "When everything is taken into account" he says, "the average rate of interest at which Canada has been able to borrow from England has been not much over four per cent. To any other country the rate would have been appreciably over five per cent. In other words, Canada has up to the present been able to borrow five hundred millions sterling from England for the same annual payment that a foreign country would have been able to borrow only four hundred millions. Including the capital supplied to Canada by the United States largely for industrial purposes—which amounts to over one hundred millions sterling—the average rate which is being paid for loans from abroad by the Canadian people does not exceed four and a half per cent."

In these times of high money rates, there is a negative satisfaction in the reflection that other people are in worse case than Canada. But it is clear that this preference in the London money market may be lost under the present circumstances of clamorous demands for capital from all parts of the world, unless by the bringing of our legislation governing financial corporations in line with the best legislation elsewhere and the discouragement and restriction of the activities of the high financier, who hitherto has had matters entirely his own way those in responsible authority show that they are concerned to keep this preference, which was given by sentiment, through deserving it.