The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

R. WILSON-SMITH, Proprietor

PUBLISHED EVERY FRIDAY

Vol. XXVII. No 49. MONTREAL, FRIDAY, DECEMBER 6, 1907

Single Copy - - 10c
Annual Subscription, $2.00

Financial Prophecies and Explanations.

EXPLANATIONS are apt to differ widely from prophecies. This fact is strongly borne in upon anyone who has occasion to glance through the year's files of leading American financial journals. Up to the beginning of October these were practically at one in predicting a distinct lessening of the monetary strain. Back in August, one conservative New York weekly even spoke circumstantially of large autumn shipments of gold from New York to London. And even the writers who were somewhat bearish earlier in the year, seemed to believe by September that the turn had come; and that conditions were on the eve of perceptible betterment. At the close of 1906 there were some financiers—apparently not many—who agreed with Mr. Stuyvesant Fish that "in point of time a great industrial crisis is due, and there are many indications of its being imminent." But Mr. Fish, at least, had sufficiently modified his views by May to say that in his opinion the country was all right "West and North of Wall Street." But subsequent events have shown that last December's stock market decline was a forerunner of more widespread conditions of liquidation and retrenchment. Previous financial and commercial set-backs have been antedated by similar declines—but usually the general break has followed in from three to six months after the beginning of the fall in security prices. In this case the crisis tarried until the best part of a year had passed. This circumstance doubtless did much to "blind the prophets" who, in their present role of "expounders," explain that it now looks as though finance and industry had put a further strain on credit by resisting liquidation which ought to have come at once; that this roused false hopes at the moment when the break was near, and that the snapping of the cord was the more violent because of this final adding to the tension.

A Canadian "Prophet in his own Country."

FAR be it from Canada to glory in the troubles of her nearest neighbor—or to be over elate at her own escape from a serious financial crisis. It is a time for walking quietly, with discretion as the better part of enterprise. But Canada may be pardoned a degree of self-gratulation in that her leading bankers foresaw the time of reckoning more clearly than did the generality of United States bank managers. It was not unnatural that this should have been so. A non-branch banking system in many, many cases must involve management of individual institutions by men who do not possess the larger qualifications of the successful banker. The conflict, too, between the interests of banks in the larger cities and in smaller towns militates against any non-official leadership of influence by men who may take a widely national view of affairs. This country's methods largely free its banking from the sectional disabilities of the American system. In times of special concern it is possible for men of tried ability and long training to deal with financial matters along lines generally agreed upon for the country's best welfare.

In January last, "a prophet in his own country"—and ours—proclaimed in no uncertain tones that in the midst of extraordinary prosperity there were signs of a strain which might cause serious trouble if not carefully reckoned with. Canada being as yet a borrowing country, her immediate future must be largely affected by the financial conditions of other nations. So far, it was pointed out, the number of countries willing to buy our securities had been increasing, but future drawings upon their capital for the Dominion's development must depend largely upon whether they continued to have a surplus to invest. Already, during the autumn then past, the world's money markets had been put to a strain which for a time seemed likely