Monetary Times

Trade Review and Insurance Chronicle of Canada

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PRINCIPAL CONTENTS

THE FINANCING OF FOREIGN TRADE

LIMITATIONS to the ability of Canadian banks to extend the long-term credits which are required to assist manufacturers in extending foreign trade have been from time to time referred to in this country, and have aroused among bankers the question as to whether a foreign banking institution would be practicable; while the banking law of Canada is liberal, it aims at meeting domestic needs. Sir Vincent Meredith, at the annual meeting of the Bank of Montreal last week, said: "The necessity for financing foreign trade has come very closely home, and, pending an international working scheme, I feel it would be well for Canada to move locally. I am still of the opinion that a corporation to foster foreign trade so as to keep our factories busy and give employment to labor is desirable, and sooner or later must be launched. If export trade can be revived, it will solve many of our difficulties."

Our experience in the granting of long-term credits for foreign purchases has been practically limited to the credits granted to Roumania, Greece, Italy, France and Belgium to a total of $125,000,000. This was an affair between the governments on both sides. The short period since the arrangement was made shows, however, that even the credit of the present European governments is none too safe; a recent despatch from Ottawa stated that Roumania, instead of meeting the interest payment now overdue, wished to add the interest to the principal. The financing of foreign trade is in fact a field of enterprise which is dangerous to the unversed, and the present unsettled condition of industry makes it difficult to estimate the limit of safety with buyers, even with governments themselves.

The subject is therefore one to be approached with caution. Canadian banks are straining their resources to meet domestic requirements, and in the general stringency of credit there is little room for the appropriating of capital for new enterprises. Such a foreign banking corporation would require a large capital to start with, though the building up of a sound business would be a slow process. The operations of the business are complicated. As was pointed out by A. T. Drummond, writing in *The Monetary Times* of October 20, 1916, they comprise the establishing of offices in the large exporting cities of Canada and in buying centres abroad, specializing in sterling and foreign exchange; handling both long and short-term paper; the issuing of bonds and treasury votes; the acceptance of deposits for the convenience of customers; and the flotation of loans.

A SAVINGS SYSTEM FOR INDUSTRIAL WORKERS

TO have a "little money in the bank" may now be the new sensation to numerous persons, both native and foreign-born, who work for salaries or wages. By these are meant principally those who carry too much loose change in their pockets, or who never think that they have enough money to make a bank account worth while, or who have too much pride to make a small deposit; also that large class of people who have been spending their earnings without stopping to think of the needs of to-morrow, and that a dollar saved to-day will be worth a dollar and a half or two dollars in six months or a year from now.

The American Bankers Association, Savings Bank Division, calls attention to the above facts and refers to a recent report in which it summarizes the various plans now in operation for assisting employees to pay themselves a dividend on each pay day by systematically sending to the bank some part (however small) of every payment of wages. Employers and the representatives of employees can obtain that report upon application to the association at its New York office, or through any local bank.

The report outlines the scope of the present discussion of industrial savings work and includes a concise statement of the method of operating present systems which include (a) a branch bank at the place of employment; (b) sending a teller or agent of the bank to solicit accounts and deposits; (c) deduction by the paymaster of deposits which are forwarded to the bank, all other transactions being direct