

stream of American capital flowing into the Dominion, a portion of which comes in products.

It is erroneous to conclude that the rate of exchange running against a country will, in every case, check imports to it from another country in which its money is at a discount. Under ordinary conditions this result would follow; but if the country against which the rate of exchange is running must buy certain commodities, and can get them only from the one in which its money is at a discount, it must have them, even at greatly enhanced prices. To some extent Canada occupies this position towards the United States just the same as do the states of Europe. In addition to being compelled to buy certain products in the republic, because they cannot very well be had from other countries, she is compelled to go there at present for practically all her new capital, and that at a time when she needs it just as much as she ever needed it in the past.

Stimulus from Both Sides

Canadians are doing their utmost to attract American capital, which is a strong inducement for it to come; but, in addition, influences in the United States are operating to send it to Canada as they never operated before. In that country capital is accumulating rapidly. A considerable portion of it must find an outlet abroad, and this country is a much more attractive field for it than most other countries. No wonder then that over \$300,000,000 was invested in Canada and Canadian enterprises last year. The combined strength of these influences can hardly be estimated.

This movement will continue. Canada must have much fresh capital to sustain the new period of expansion on which she seems to be entering. Indeed, the expansion cannot be experienced unless capital makes it possible. As long as the present exchange situation continues new money can come from no other source than the United States, and its coming is facilitated because of the new and extensive connections that have been established by Canadian and American financial houses on both sides of the boundary line. All this new money will not come in the form of products; indeed considerable of it may be but the investment of balances in this country; but a portion of it will enter in the form of commodities and help to swell the trade returns.

In these days when conditions are so unsettled it is impossible to express positive opinions on trade subjects; but it does look as though Canada, for the present, can do very little to control the tide of imports from the United States. Something might be done through the refusal on the part of the public generally to import any but absolute necessities; but anything that might be saved by this means would very likely be much more than offset by other influences. Some products, such as certain kinds of tropical fruits, could, perhaps, be more advantageously imported direct from other countries than from the United States; but it would take time to establish the new trade connections.

Debt Must be Repaid by Exports

Paradoxical as the statement may seem to be, the influences operating to increase imports from the United States through the bringing in of new capital will, in turn, operate to increase exports to that country. The larger the investment of American money, the larger will be the annual return that must be made on it. Naturally this will be made in the form of exports. It is probable that this year nearly \$80,000,000 in interest and profits will go south, and the amount will soon be \$100,000,000. Six years ago it was hardly above \$30,000,000. As this country could not, even if it wanted to do so, borrow in Britain to pay this sum (this is the way that Canada in pre-war days used to settle her trade balance with the United States), the payment will have to be made in products. This of itself, in time, will tend to force down the American tariff against Canadian products, with a resulting stimulus to exports.

In finance and industry it will take us some time to find out what actually happened during the war. It was imagined that with the cessation of hostilities the world would soon return to its old methods of business and that trade would quickly find its way back to former channels. But aside from

the handicaps imposed through economic exhaustion and huge debt, a relatively new factor, in the form of international exchange, is upsetting the calculations of even the wisest. Canadian trade is a striking example of the changes that have taken place, and, for some time, in trade, she seems likely to be dominated by the only country that for the present can finance her.

LOAN COMPANY BRANCH IN CHATHAM

The Huron and Erie Mortgage Corporation have just completed the purchase of the building formerly occupied by the Standard Reliance Mortgage Corporation on King Street in Chatham, Ont. The price paid was \$18,000. A branch will be opened there shortly under the management of Austin A. McLeish, who has been with the Huron and Erie for twelve years.

CANADA LIFE ASSURANCE COMPANY

At the annual meeting of the Canada Life Assurance Co., held on January 8th, in Toronto, a statement for the year ended 31st December, 1919, was presented. The company has shared fully in the unprecedented expansion that has taken place in the life insurance business. Policies issued during the year, including revivals, amounted to \$46,380,774, the greatest volume of new business ever issued by the company in any year and exceeding the business of the previous year by \$20,608,026. The new policies paid for, exclusive of dividend additions, totalled \$41,641,877, an increase over 1918 of \$17,750,209. The total assurances in force now amount to \$229,794,267, showing an increase of \$33,813,716 over 1918, after meeting death losses maturing endowments and other terminations of the year.

The total income was \$12,012,381, representing premium income of \$8,046,634 (not including payments made to other companies for reassurances); considerations for annuities \$274,517; interest income including profits from sale of securities, \$3,618,797 and income from other sources, \$72,432. Payments of \$6,347,925 were made during the year to policyholders and their representatives, and to annuitants. These payments were made in settlement of death claims, matured endowments, dividends, cash values for policies surrendered, and as annuities.

The assets now amount to \$69,352,268, an increase during the year of \$3,404,693. In the past year another substantial investment was made by the company in the Victory loan of the Dominion of Canada. The policy reserves, under the same method of valuation as in past years, amounted at the 31st December to \$58,066,273, an increase of \$3,050,319 over the corresponding reserves of 1918.

After allotting \$1,587,731 to those entitled to share in dividends during 1919, the surplus amounted to \$8,187,736, out of which \$2,515,000 will be paid in dividends to policyholders in 1920. In addition, the contingent reserve of \$500,000 has also been maintained. The net surplus earned in 1919 was \$1,877,160, which is the largest in the history of the company. Notwithstanding the influenza claims during the early part of the year, the mortality experience of the company was favorable.

The board of directors were re-elected without change. In his address to shareholders the president, H. C. Cox, referred at length to developments of the year in life insurances and in conditions affecting life insurance. The greatly increased volume of business, he said, corresponded to some extent to the rise in prices. The volume of business has in fact been so large that anxiety has sometimes been expressed as to the effect on the companies' surpluses. Mr. Cox also referred to group insurance, and to efforts which were being made to work out a plan for the insurance of disabled soldiers.