

in land deals and venturesome speculations of that kind with which a company calling itself a trust company should have had nothing to do with. In this respect, the fate of the Dominion Trust Company should prove a warning to other trust companies, or companies calling themselves trust companies, which, there is good reason to believe, in many cases do not by any means confine themselves to the legitimate functions of a trust company, but indulge in venturesome speculations.

Apparently the late managing director had insured his life heavily—for an amount which in the aggregate, it is said, totals some \$400,000. The policies were mainly in Canadian companies. Whether their proceeds will in part become available for the creditors of the Trust Company is not yet clear. The relatives have begun a fight for them.

WHY NEW YORK FUNDS ARE AGAIN NORMAL.

The fact that New York exchange on the Canadian centres is again normal means that Canadians again will be enabled to negotiate American drafts and checks at reasonable rates, and it will be a great relief to the grain dealers and farmers especially, writes a Toronto correspondent. It is said that the improvement in the exchange position has resulted from the falling off in grain drafts remitted to New York. The crop of 1914 in western Canada is considerably less than last year's; also the farmers are showing more of a disposition to hold back their deliveries on the theory that the European war will cause prices of wheat to rise definitely to a higher level. Many of them are bearing in mind the traditions of the Russo-Turkish war, in which wheat went to \$2 a bushel; and they do not wish to lose the opportunity of profiting by the rise should such prices be in evidence on the present occasion.

MEETING OBLIGATIONS.

It may be the case also that the Canadian banks latterly have been sending a larger proportion of their grain bills direct to London for credit of account. In any event it is said that the remittances of bills from Montreal and Toronto to New York have fallen off in volume. At the same time it is to be remembered that Canada has extensive obligations to meet in London and New York from time to time. Although the huge Canadian imports of American iron and steel have shrunk to much smaller figures at the present time, there are still extensive balances to be paid on account of imports made in past months. In meeting these obligations the Canadian banks, of course, gave drafts on their New York balances, payable through the New York Clearing House, and in that way utilized a part of their funds in American banks. So the balances have been reduced to smaller proportions. Also there is the necessity of meeting interest and dividends on Canadian securities held in England. By sending sterling bills direct to London the banks might create funds on which to draw for payment of dividends and coupons, thus escaping to a certain extent the necessity of remitting sterling bills to New York.

CANADA AND AMERICAN CAPITAL.

The views of Sir George Paish legitimately command respect. But in forming the opinion which he expressed in a recent interview that Canada should go to the United States in preference to London for her borrowings in the immediate future, he has apparently failed to take all the factors of the situation into account and has come to a wrong conclusion. It may be true that in view of the trade relations between Canada and the United States, the logical buyer of Canadian securities is New York. But the fact remain that for years past, while these trade operations north and south of the international boundary have been developing at a great pace, the actual buyer of Canadian securities has been London. The war has stopped the flow of British capital to Canada for the time being, but this stoppage is likely to be temporary. Owing to the great growth in Imperial sentiment, and incidentally the admirable spirit and service which is being shown and given at the present time by Canada, the conclusion of the war will probably see a return of the free flow of British capita to Canada.

CANADA'S PREFERENCE.

The capital will be available, it is certain; even a conflagration of this character cannot absorb all Great Britain's immense annual surplus that is available for fresh investment, and Canada will have a preference in the use of that capital not only for sentimental reasons, but also because of its intrinsic soundness and attractiveness as an investment field and the fact that it is far removed from the political and national eruptions of Europe. Further, while admittedly all borrowers will have to pay more stiffly than hitherto for their money, the preference accorded to Canada is likely to result in her being able to borrow on the whole more cheaply in London than in the United States. The opinion is general that for Canadian securities to secure a favorable reception in the United States they must yield at least one half of one per cent. more than American securities of a similar class. But at present American securities of all kinds are on a very high interest basis, and the addition of another one-half of one per cent. would possibly make the borrowing unprofitable.

There is a yet further factor which Sir George has omitted to take into consideration. Canadians prefer to borrow in London. This sentiment does not extend to the point of paying more in London for what could be more cheaply secured in New York, but all other things being equal, it is a fact that Canadians prefer to secure British funds rather than American funds. There is nothing unfriendly to the United States in this attitude; it is merely a result of the ties uniting Canada and Great Britain. American capital is very welcome in Canada, but Sir George Paish notwithstanding, New York need not yet give itself airs as Canada's financial parent.