

Canada's Post Bellum Settlements

Settlements between Britain and Canada are likely to be made a part of the settlements between Britain and the United States

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A statement issued some time ago by the Department of Finance at Ottawa showed that as regards the advances between the Dominion Government and Great Britain, there was a substantial balance in Canada's favor. The pamphlet on "Canada's War Effort" just issued by the Director of Public Information, however, gives the aggregate of credits established respectively by Britain and the Dominion up to March 31, 1918; and these figures show apparently that the balance at that date was inconsequential. The later report states that: "Since the outbreak of war to March 31, 1918, Canada has established credits on behalf of the Imperial Government to the amount of \$522,816,397"; and that "on the other hand, Great Britain has made advances to the Dominion totalling \$534,450,826." By means of the advances made by Canada, Great Britain was enabled to finance the purchase of foodstuffs, hay and other commodities and to carry on the operations of the Imperial Munitions Board in Canada, and by means of the advances secured by her in London, Canada has been enabled to finance the maintenance, etc., of Canadian troops overseas.

The latter statement does not make it clear that the figures represent the balances outstanding respectively against Canada and Britain at the date mentioned, but it is to be presumed that that is what they represent. Thus the net balance in favor of the mother country at the end of last March, was approximately \$1,600,000,000. Then, over and above the amounts loaned to Britain directly by the Dominion Treasury, the Canadian banks have provided a further sum of \$200,000,000, though taking British Treasury bills from the Munitions Board. Although the banks are supposed to have re-discounted a considerable amount of these bills with the Dominion Treasury, there is apparently no offset of any kind held by the British Government against our banks. So according to the above figures, there is a net balance of around \$200,000,000 due by the Imperial Government to Canada. Conceivably it may develop that this balance in our favor will be cut down to some extent during the present year. The number of Canadian troops overseas has latterly increased, and may further increase as a result of the operations of the Military Service Act; and therefore the cost of their maintenance will certainly not decrease and may increase in the months immediately ahead. That apparently indicates that Great Britain will be required to continue advancing funds to our Government for this purpose in amounts at least equal to those hitherto advanced. On the other hand the British purchases of Canadian munitions have fallen off during the last year, while at the same time it appears that the Dominion may not be called upon to advance quite so much this year to the British Government in connection with grain purchases. Last year the Canadian banks granted a credit of \$100,000,000 to the Imperial Government for grain purposes. It is understood that British Treasury bills constituted the foundation for this special credit, but no authoritative statement has been made as to whether any large portion of the amount is still outstanding. This year there has been no news of any special grain credit of such magnitude; and it appears that the banks are financing the new crop, as before the war, through making advances to their regular customers in the grain buying and milling trades. Also recent official utterances at Washington rather lend support to the belief that Britain will be allowed to utilize, in buying Canada's surplus wheat, a part of the funds loaned by the American Government. Even if we are required to lend money directly to the British Government in connection with the purchase of this year's crop, the unfortunate falling off in the indicated Western yield makes it likely that the amounts loaned will be smaller than in the preceding year. So, all things considered, it would seem that the amounts loaned by us to Britain may show a considerable decline; and, of course, if events develop in that way, it would mean that the Dominion Government could reduce to a certain extent its requirements in the way of domestic war loans.

The question as to how these international balances will be settled at conclusion of the war is one in which Canada is intensely interested. When peace comes, even though the amount owed by us to Britain

should correspond almost exactly with the amount owed by the British Government to Canada, we could not contemplate without dismay a proposal to offset the one debt against the other and thus wipe out the whole amount. For that would leave us with a hugely expanded currency; and our banks would be left with a large proportion of their resources locked up in more or less permanent loans to Government, which circumstance would most seriously impair their ability to finance the ordinary trade and industry of the country. In considering the settlements, regard must be had to the nature of the securities held. The Canadian banks are understood to hold British Treasury bills at one year's date. These short-date holdings undoubtedly will be entitled to settlement in cash or its equivalent. This should be of great value to Canada, though enabling her to rehabilitate the exchange with the United States; and also, through making gold imports possible, it would perhaps restore the currency system to a solid metallic basis.

BRITAIN'S DEBT.

The debt due by Britain to the Dominion Government is on a slightly different basis. The Dominion has obtained the greater part of the funds for making these loans, through selling its own war bonds to Canadian and American investors and through honoring at short date from the Canadian banks. One would think there should be enough cash in the settlement to provide for the complete liquidation of the short-date loans from the banks. Also it might be possible to arrange for liquidation of a part if not all of the short date Dominion loans in New York; or British bonds might be placed in the United States to retire the Canadian issues—Canada surrendering to Britain a like amount of British securities. With

reference to the debt of over half-a-billion dollars owed by us to Great Britain the Canadian expectation is that this will be settled through the issue of long-term Dominion bonds, to be held, perhaps temporarily in the British Treasury and later sold to British or American investors. The British Government has already accepted a block of over \$100,000,000 of Canada's long term bonds, in reduction of the balance due by us at an earlier stage of the war; and presumably it will be agreeable to further settlements in the same form.

SETTLEMENTS.

As regards the settlements between Canada and Britain, they are quite likely to be made a part of the settlements between Britain and the United States. These latter settlements promise to be sufficiently complicated. Although Washington has advanced vast amounts to the British Government, the amounts so advanced are considerably less than the other European Allies have received from Britain in the form of loans. Part of the money thus loaned by Britain to Allies is doubtful of recovery—the money loaned to Russia being a case in point—but most of the other loans will doubtless be recoverable, especially if some of the debtor countries get large indemnities from Germany. There is the contingency too, that Russia sooner or later will again become a united nation with a sane government, purged of the detestable German influences. In that case the Russian debt, too, might eventually be good. It will, no doubt, be found possible, in some way, to utilize a part of the debts due to England by Allied states in offsetting England's debt to the United States. A point to be remembered is that with several million American troops in France it will probably be necessary for the United States to draw rather heavily upon Britain and France for certain supplies. These balances will help to offset debts created through purchase of other supplies by France and Britain in America. Then, as regards exchange, the remittances to American officers and soldiers from this side of the ocean, will certainly reach a large sum every month. These, too, will be of assistance to the two principal European Allies in making their settlements with America.

LAST WEEK'S RECORD OF ACTIVE MONTREAL STOCKS.

Sales.	Stocks.	Open.	High.	Low.	Last sale	Net ch'ge	—YEAR—	
							High.	Low.
215	Ames-Holden, Pfd.	66	69½	66	69	+2	72½	47
725	Asbestos Corp.	26¼	32%	26¼	32%	+6%	32%	15
712	Do, Pfd.	58	60½	58	60¼	+2¼	60½	45
1,554	Braz. Trac.	44½	44½	43½	44	+½	46½	32
150	B. C. Fishing	50	50	50	50	—½	52½	40
1,443	Brompton Paper	60	60½	59½	60¼	+¾	60½	41¼
215	Can. Car, Pfd.	85	85	85	85	+1	92	49¼
480	Can. Cement	67	69	67	67	+2¼	69½	57
135	Do, Pfd.	94	94	94	94	unch.	94	90
370	Can. Converters.	47½	49	47½	49	+1	49	43
1,125	Can. Forgings.	207	209½	207	209	+1	213	150
3,559	Can. Steamship.	44¼	48	44¼	47½	+2¾	48	39
596	Do, Pfd.	*76¼	*76¼	*76	*76¼	+1¼	78½	76
811	Dom. Steel Corp.	*62	*62¼	*62	*62¼	+1	65	53
944	Dom. Textile	*96	*96¼	*95¼	*96¼	+¾	98%	80%
125	Goulds Manuf.	100	100	100	100	unch.	100	100
125	Hillcrest Collieries	35	40	35	40	+10	40	15
147	Howard Smith P.	65	65	65	65	unch.	75	65
130	Lake of Woods Mill.	152	152	152	152	+1	*152½	120¼
1,671	Laurentide Co.	175	182½	175	182	+7	183½	152
170	Macdonald.	18½	18½	18½	18½	—¾	20½	13¼
935	Maple L. Mill	122	127¼	122	127¼	+7¼	127¼	94
1,065	Montreal Cottons	58½	61	58½	61	+3	61	50
4,026	Mont. Power.	86¼	88½	86	88	+2½	88½	68¼
515	N. S. Steel.	66¾	67	66	67	+1	71½	66
1,963	Ont. Steel.	30	35	30	34¼	+2½	35	22¼
1,190	Riordon Pulp	117¼	120½	117¼	120	+2¾	123	117
1,235	Do, Pfd.	93%	94%	93%	93%	—1¼	95	93%
341	Shawinigan Power	117½	117½	116½	117	+1	117½	107
250	Spanish River.	13	14	13	14	+1	16	13
110	Do, Pfd.	50	51	50	51	—¾	54½	50
765	St. Law. Flour.	86	91½	86	91½	+1½	92	50
740	Steel Co. of C.	71¼	72	71¼	72	+¾	74¼	*49%
357	Do, Pfd.	97¼	97¼	97	97	—½	97½	89%
130	Wabasso Cotton	*52¼	*52¼	*52¼	*52¼	—½	55	21
—BONDS—								
\$17,000	Can. Cement	97	97	97	97	+1	97	96
10,000	Can. Cottons	80	80	80	80	unch.	80½	80
7,500	Can. W. L., 1925.	96¼	96¼	96¼	96¼	unch.	96¼	93
26,700	Do, 1931	95%	95%	95%	95%	+¾	95%	92
59,100	Do, 1937	94¼	94¼	94¼	94¼	unch.	94¼	91¼
10,000	Dom. Iron	86	86	86	86	+1	86½	84
7,000	Quebec Ry.	58	60	58	60	+½	60	57
10,000	Ont. Steel	93	93	93	93	—	93	93

*Ex-dividend.