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CASH AND CREDITS.

The address delivered this week before the Montreal Canadian Club by Hon. R. H. Brand, one of the two English representatives at Ottawa in charge of munitions' organisation, while unofficial, was highly suggestive of possible and interesting financial developments in the near future—developments which, in fact, have been since reported from Ottawa as under discussion by the Minister of Finance and the Canadian Bankers' Association. In brief, Mr. Brand suggested that to the extent of its ability, Canada should follow the example of the United States in giving credits to Great Britain for its purchases of munitions and war supplies instead of asking for cash. The position is that we have an excellent customer for our goods, willing to take all we can produce, but to whom it has become decidedly inconvenient to pay cash. The customer's credit is above suspicion; the continuance of the purchases is of great importance to us. The obvious if possible, solution of the difficulty is the lending here to the buyer, funds for the continuance of the purchases—the loan being made either on the strength of the buyer's general credit or against approved securities.

The difficulty has already been dealt with in this manner in the United States, and the Anglo-French loan and the credits which have been lately arranged by London bankers in New York are the result. Is it now possible for Canada to perform, even if on a smaller scale, a similar service to her best customer? In Canada, this matter presents itself of necessity in a somewhat different light than in the United States. There, with all the goodwill that undoubtedly exists for the Allies, the matter was purely and simply one of driving a rather hard bargain. Here, while there is the necessity for the matter being dealt with in a business-like way, there is a motive for action not present in the United States, the desire to mobilise our resources as we have already mobilised our men, to perform the most effective service for

the British Empire and its Allies during the present crisis. Up to the present perhaps we have been a little nervous of our financial capacity at this present time. But the great success achieved by the war loan should dissipate that nervousness and enable us to look forward with confidence to new and novel efforts in a financial way.

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To a certain extent, we have already done something. An official statement given out at Ottawa this week mentions that up to date, the Canadian Government has advanced a total of \$57,772,000, in temporary loans to the British Government, which have been from time to time repaid by the British Treasury. Without any desire to belittle the useful work performed by the Canadian Treasury in this connection, it may be pointed out that this arrangement hardly touches the fringe of the present problem, since the loans are of very short duration. Further, the Canadian banks are actively concerned in the arrangements recently completed in New York for the credits to British banks. The decision as to whether, apart from the New York arrangements, Canada can give to Great Britain financial assistance, by extending credits either to the British Government or to the banks, must necessarily lie with the bankers and the Minister of Finance, who is reported as having been giving careful consideration to the matter for some time. The point to be borne in mind at present is that we necessarily cannot rest contented with having subscribed a fifty million dollar war loan twice over, and that that effort should represent the beginnings rather than the end of our energies financially during the present conflict. It is no secret that the Allied nations at one time and another recently have been purposely restricting as far as possible their purchases of munitions overseas owing to the unfavourable exchanges and other difficulties. Any extension of credit we may find ourselves able to make on the lines suggested would likely result in an increased munitions' business coming Canada's way.