

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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One Year	Six Months	Three Months	Single Copy
\$3.00	\$1.75	\$1.00	10 Cents

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

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FIFTY YEARS OLD

On Sunday next, July 1st, Canada will celebrate the Jubilee of Confederation—the completion of the first fifty years of the life of the Dominion. The date finds this country with a record of achievements and resources such as few young countries possess, and it finds her also, as Sir George Foster says, throwing herself into the world's struggle for liberty in a way that sets the final seal of nationhood upon her brow. It is a fitting time to pass in brief review the more remarkable of these achievements and resources. In 1867, Canada comprised four provinces, embracing a narrow strip along the Lower Lakes and the St. Lawrence, with a limited frontage on the Atlantic. In 1917, there are nine provinces and a large unorganized territory, embracing half a continent, stretching from the Pacific to the Atlantic and from the United States to the Pole. One of the greatest single factors in the progress of Canada has been the opening of the West, which the above extension in political control made possible.

Only a month younger than the Dominion, is *The Monetary Times*, which was first printed in August, 1867. At that date there were twenty-six chartered banks in Canada whose paid capital was \$29,831,000. Nineteen of these have since been amalgamated or wound up. The remaining eight, which are still in existence, with greatly enlarged scope, are the Bank of Montreal, the Canadian Bank of Commerce, the Bank of Nova Scotia, the Bank of British North America, the Bank of Toronto, The Molsons Bank, the Merchants Bank, and La Banque Nationale, together with others which have since come into existence. There were in Canada at that day 120 bank agencies in 55 places of Ontario and Quebec. To-

day, there are more than 3,000 branches and agencies of Canadian banks, distributed from Sydney to Vancouver and Alaska, with a hundred agencies abroad. Confederation of the scattered provinces was effected in 1867, when Nova Scotia and New Brunswick and Prince Edward Island became part of Canada. The purchase of our far west prairie lands from the Hudson Bay Company followed in 1870, and in the next year British Columbia joined the Dominion. Our nation-building was begun, and there followed a remarkable period of growth and expansion which, however, will be dwarfed again when, in 1967, Canada celebrates its hundredth birthday.

GOVERNMENT RAILWAY FINANCING

The Railway Inquiry Commission was confronted with many difficult problems in trying to present a practical plan for the solution of our transportation difficulties. First, the three commissioners had an instinctive dislike for government ownership and operation. The appointment of a board of five trustees to operate the combined railways on behalf of the people is thought by Sir Henry Drayton and Mr. W. H. Acworth to have solved that difficulty. Mr. A. H. Smith, the third commissioner, does not agree. However willing we may be to try and believe the Drayton-Acworth plan effective, it is difficult definitely to label it so, without considerable misgiving. The London Times Ottawa correspondent recently said that "complete nationalization along the lines of the Acworth-Drayton report is impossible owing to the fact that Canada is shut out for the time being from the financial markets of London and New York." Replying to this Mr. Acworth said: "Whether the scheme of complete nationalization, as the correspondent calls it (personally I do not accept the description put forward by Sir Henry Drayton and myself), is impossible I know not, for it is two months since I left Ottawa, and I am not in touch with political sentiment there, but it cannot be impossible for the reason given. The course we recommended was expressly based on current war conditions, and was carefully planned to minimize the necessity of the provision of new capital by the Canadian government."

The majority report deals only briefly with the financing of its plan, which involves the nationalization and operation by a commission of what would be the largest system anywhere of government-owned railways. The commissioners point out that the Intercolonial has no bonded indebtedness, has a considerable net revenue, and offers security on which new capital can be raised. They recommend the creation of a general and refunding mortgage of unlimited amount to be issued as required. Even in peace times it is questionable as to how the money markets would regard the bond issues of a government-owned and operated railroad system of 20,000 miles, despite the ingenious tag of the Commission. During the few months prior to the outbreak of war London bankers were regarding with some apprehension the care-free manner in which the people were considering railway extensions, in which the Federal and provincial governments were assisting the railroads, and the extent of railway financing then necessary and in prospect. The London market is now closed to all except war loans. Even if the New York market were not almost as completely closed, how would Wall Street regard the proposed government railway bond issues?