

HOW GERMANY SUCCEEDED.

As to banking facilities in Italy, both Canada and Britain before 1915 were away behind Germany. That country had so well arranged its German banking system in Genoa, Naples and especially in Milan, that many of the great electric power industries were absolutely under German control. In every way Germany assisted her merchants to dominate in Northern Italy.

Since 1890 the "white coal" on the Southern slopes of the Alps was turned into electric power. Consequently, around Milan and north to the Alps dozens of factories gave employment. It is estimated that fully 10,000 Germans were employed in the vicinity of Milan and the Lakes.

Rail freight rates from Germany and Austria to Italy were cut away down to aid the export of German machinery, tools, etc.

One dealer told me last year that the freight from Germany to Italy on agricultural implements was about one-tenth the rate from Italy back to Germany. Their bank agents were most easy in their credits, giving quite long terms. Canada must reckon on extending credits in her Italian trade after the war, otherwise trade will flow again into German channels. Last year a National Bank of New York opened a branch in Genoa. In talking with the agent, I saw at once that he was prepared to meet the credit needs of the Italian merchants.

The Italian business men are sagacious. They are most anxious to co-operate with Canada and Britain. The men who are the head of the "Credito Italiano" are thoughtful and farseeing. The president suggested that Canada send over twenty young Canadian bankmen to take positions in Italian banks; Italy in turn to send twenty young Italians to our banks. This "Credito Italiano" has the backing of the government. Much has been done by it and much is expected.

One of our Canadian banks has assisted in one of these Italian financial companies.

The British government is also contributing \$250,000 a year for ten years to an Anglo-Italian financial company in order to promote trade. Our banks also, if Canada is to compete with the United States and the Central Powers, will need to establish direct relations with the Italian banks, or will need to establish agencies there as New York has done.