

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,
Proprietor.

ARTHUR H. ROWLAND,
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, MAY 11, 1917

TRADE AND CAPITAL.

Those who are still a little nervous regarding the possibilities of British capital coming to Canada after the war will find considerable material for re-assurance in the discussions which are at present taking place in Great Britain. Those discussions are by no means academic in character and they are already being crystallized into action. It was announced a few weeks ago that active steps are now being undertaken for the establishment, with the support of the British Government, of a British Trade Corporation, whose object will be to facilitate and establish a large credit bank or banks for developing British trade abroad, thereby occupying a field which the existing British banking institutions are unable to cover. That this proposal is of very practical and direct interest to Canada may be seen in the following comment of the London Economist upon the announcement:—"We believe that there is great work for such an institution, especially in the creation of an issuing machinery for industrial ventures, such as have hitherto been left to sometimes questionable company promoters, as being outside the horizon of the great issuing houses, which have largely confined their efforts to Government and municipal securities. War has brought into being a great body of investors who never before knew what an investment was. We want to keep them busy when the war is over; but we cannot do so when Government securities are no longer on offer, if the supply of industrial investments is to be left in the wrong hands. We want an institution whose fathering of a prospectus will be a guarantee that the project put before the public has been properly examined and is clean and not over-capitalised."

* * *

A point which is clear from the present discussions is that, whether there is a continuation of Treasury control of new capital issues in London after the war or not, the export of British capital will be to some extent systematised, and it will not proceed on the higgledy-piggledy lines in favour before the war. The proposed establishment of the British Trade Corporation indicates this, and the recent report of the Dominions Royal Commission, which has found favour in many quarters as a basis for Government action, proposes as one of the functions of an Imperial Development Board, which it is proposed should be created, the direction of Empire capital towards the development of Empire resources. If this idea of the systematis-

ing of British export of capital matures, evidently the days will have gone by in Canada when it was possible to climb by leaps and bounds from a Canadian parsonage to the British peerage, by the simple process of turning on the hose. It means that Canadian industrial flotations, asking for the support of British capital, will need to be clean, not over-generously capitalised and giving a fair promise of making some real addition to the resources and wealth of the Dominion. Given these essentials, there seems good reason to anticipate a flow of British capital into Canadian industrial flotations, as well as a revival of British investment through the well-known channels of the mortgage companies, etc.

* * *

This pre-supposes, of course, the availability in fairly large amounts of British capital for export. As to the outlook for this, the Economist may be again quoted:—"If the war has taught us to increase our output and reduce our consumption, our home supply of capital, which is simply the available margin between consumption and output, will be greater than it ever was. All these great economic problems that lie before us are, to a great extent, psychological and moral questions, depending for their solution on the amount of courage, intelligence and sense of national duty that individual citizens, guided by their leaders and rulers, put into facing them."

NATIONAL ECONOMY.

The Canadian Bank of Commerce continues to preach economy in its monthly commercial letters. "In overcoming the enemy," says the Bank, "it is just as important to practice economy as to send men to the trenches or to supply them with explosives and devices to use such explosives effectively. One of the problems confronting Imperial leaders is that of procuring food and an infinite variety of other necessities with which to carry on the war. On their ability to buy these things their hopes of victory depend. Canada's duty is to supply not only as many of these necessities as possible but also the 'silver bullets' to enable the Allies to purchase what they require. If out of the profits thus derived one dollar is wasted, the enemy is strengthened by just that amount. Every man and woman can help in stopping this frittering away of the national strength by purchasing only simple and essential things and by placing at the disposal of the country the savings thus effected."

BANK LOANS FOR ONTARIO FARMERS.

It is announced that arrangements have been completed between the Canadian Bankers' Association and Hon. T. W. McGarry, provincial treasurer of Ontario, for a loan of \$200 to every Ontario farmer who needs seed and has not the means to purchase it. These loans will be repayable on November 1st with interest at the rate of 6 per cent. The non-payment of the loan through crop failure will be made good by the Ontario Government.

The annual meeting of the Actuarial Society of America is to be held next Thursday and Friday, May 17th and 18th, at the Hotel Astor, New York City.