

# The Chronicle

## Banking, Insurance and Finance

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F. WILSON-SMITH, *Proprietor and Managing Editor.*

Office:

406-408 LAKE OF THE WOODS BUILDING,

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### THE GENERAL FINANCIAL SITUATION.

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York observers, have been employed to rehabilitate the market since sterling exchange touched \$4.50 in September, 1915. There were first shipments of gold, of which the net import into the United States between January, 1915, and June, 1917, reached the unprecedented total of \$1,225,000,000. Also, loans were raised in the United States amounting in the case of Great Britain to \$1,300,000,000; securities held in Europe were mobilised, and sold or pledged on this side of the Atlantic to an amount of between \$2,000,000,000 and \$3,000,000,000, and, after the United States had entered the conflict advances were made from the national treasury to Europe totalling \$8,700,000,000. These resources appear no longer available to support the market for sterling to any extent. That Great Britain would countenance, any considerable outward gold movement at present, even were supplies available in sufficient amounts, has not been seriously suggested. Borrowing in the United States is apparently not completed. Stocks of securities in the hands of the British Treasury authorities have been greatly reduced. Those that were bought outright from holders have probably all been disposed of, while those that were borrowed from their owners, if still unsold, are likely to be returned, according to well-informed opinion. The British authorities have apparently squarely faced the issue. What the future of sterling exchange will be it is difficult to prophesy, but its movement will certainly be a valuable index of the recuperative power of Great Britain, now that the war is over. So far as Canada is concerned, while sterling exchange remains at a low figure, we shall benefit considerably, of course, in making remittances to Great Britain, for interest payments or other obligations, though the benefit will be modified by the premium on New York funds.

Shipping difficulties appear to be mainly responsible for the pause in Canadian export trade, which is noted in the trade figures for February. Total exports during the month reached an amount of \$82,899,483, compared with \$116,358,387 in the month of January and \$86,361,617 in February, 1918. The principal decline was under the heading of agricultural exports, mainly due to the decline in exports of flour. Manufactured products only show a slight falling off of less than a million dollars, while exports of animal products were proportionately very largely increased by almost eight millions. Imports during February reached \$64,117,126 compared with \$52,206,000 in February, 1918, and \$73,749,397 in January, 1919. The net result of the month's foreign trade is an export balance of \$18,782,357, compared with one of \$34,155,000 in February, 1918, and of \$42,608,990 in January, 1919. It may be noted, however, that in February, 1917, this export balance was only \$194,000 and in 1916, \$6,277,000, there having been in preceding years a heavy balance the other way.

Problems connected with the forthcoming taxation proposals of the Government have been illuminated to some extent by the tabling in the House of Commons of the main estimates for the forthcoming fiscal year. These estimates, which it should be noted do not cover expenditures connected with the war, show total proposed expenditures during the forthcoming fiscal year of \$437,679,071, an increase of practically \$138,000,000 over the estimates for the year just closing. Of this total amount \$86,000,000 will be chargeable to capital account, and the balance of over \$350,000,000 to revenue. Railway expenditures run to over \$50,000,000; \$30,000,000 will go in pensions; \$22,000,000 to the Department of Soldiers' Civil Re-establishment; \$30,000,000 for the construction of vessels in accordance with the Government's shipbuilding programme; \$25,000,000 for Government grants in connection with trading. What the Government's taxation programme will be remains to be seen, but in the face of them these estimates suggest that it will not be possible to allow revenue to be depressed, and that any loss of it through concessions in one direction will have to be made up by additional impossibilities in others.

## CANADIAN BANKING PRACTICE

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