

# The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXIX. No. 33

MONTREAL, AUGUST 22, 1919

Single Copy 10c  
Annual Subscription \$3.00

## THE GENERAL FINANCIAL SITUATION

The Stock Exchanges, after their somewhat frantic activity of the last few months, have finally come to a period of midsummer dullness, and the seasonal financial inertia has extended also to the bond houses, where there is a distinct lull in the new issues of industrial and other undertakings, which were so marked a feature of the spring and early summer. In the case of the Stock Exchanges, midsummer dullness is accentuated by a condition of affairs of the "morning-after" sort, and by a fresh realization by a good many thousand folk of the fact that prices do not always move upwards, though there are times when it is easy enough to forget that fairly obvious and elementary fact. As regard bond issues, it is current gossip that several of these have been put off in view of the comparatively near approach of the forthcoming Dominion Loan, whose appearance is now scheduled for October. The fact, which has been previously emphasised in this column, is clearly realised in financial circles, that a really hard push will be necessary to make this loan the success it must be in order to ensure the continued prosperity of the Dominion. Apparently, however, the whole paraphernalia of popular propaganda, which has been so successful in the past, is to be again employed, and it is to be hoped, with satisfactory results.

There is no doubt that the current depression on the Stock Exchanges, and financial dullness elsewhere, is to a considerable extent accentuated by the troubled outlook in regard to labour. This labour trouble is world-wide, though possibly at the moment it is less severe in Canada than in some other countries. In Europe, and perhaps to some extent here, the problem seems to be mainly a psychological one; that is to say, there is an absolute refusal on the part of large proportions of the population to look facts in the face and recognise that only through increase of production and economy in consumption can the beginnings of really sound recovery be made. British financial observers are beginning to note the fact that despite obvious handicaps, economic conditions in

Germany are improving gradually, and it is suggested that the increase of competition from Germany and Japan, may lead to interesting developments ultimately. It would certainly be a classic example of the irony of Fate if Germany were able to recover, even to any marked extent at all, the economic place in the world, what she has forfeited as a result of the folly and greed of the labouring classes in the victorious belligerent countries. Yet, startling as such a proposition may at first appear, such an ultimate development appears not at all impossible unless there is a recognition of hard facts at a comparatively early date, in those countries, and a settlement of the various problems connected with labour.

For a good many years past, in season and out of season, in times of municipal extravagance as well as of comparative economy, The Chronicle has been emphasising the necessity of sound practice in municipal finance. Next to wisdom in spending and care in borrowing, there is no more important feature in municipal finance than a wise administration of sinking funds, and it is pleasant to note the marked improvement which has taken place in this connection during recent years. Toronto's excellent lead in this matter, under the admirable guidance of Mr. T. Bradshaw, is well-known. Now comes to hand a report, good alike in scope and get-up, from the sinking fund trustees of the city of Winnipeg. This trust sums to be capably managed, since we note that something over 50 per cent of the sinking fund's investments are in Government bonds and City of Winnipeg bonds and debentures, yet the average rate of interest earned during 1918 was the high one of 6.1896 per cent with practically no arrears. It is pleasant to note that in five years, April 30, 1914-1919, the city debt has been reduced by \$7,893,403, the reduction during the last twelve months being practically \$1,600,000, and it is to be hoped that this headway will continue. A report of this kind, with its full record of a trust capably administered cannot fail to have favourable effect in financial circles, which will ultimately be reflected in the

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