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THE GENERAL FINANCIAL SITUATION.

Business conditions have been little affected by the actual signing of the Peace Treaty. It is recognized that what really matters is not the German signatures to the Treaty, but the manner in which the de facto German Government sets about the task of carrying out the onerous obligations involved therein. Only time will show this. It is also realised that with the general unrest throughout the world, the enormous financial burdens which have to be borne even by the victors, and the political and social problems which are everywhere crying for solution, that the next few years are likely to show almost as anxious and troubled a history as the past five, and that the present is no time for mere "mattiking." On that account, practical men are disposed to pay little attention to the hopes and dreams of the idealist (while recognizing their sincerity and worth) and to concentrate their attention on those economic and social problems, the pressing character of which has not been altered by the fact of the signature of the Peace Treaty.

Much attention has been attracted by the Government bills introduced into the House of Commons at the beginning of this week, establishing a Board of Commerce with wide powers to deal with combines and to prevent hoarding as a means of unduly enhancing prices. This proposed legislation follows presumably the recommendations of the House of Commons Committee on the High Cost of Living, a body which has certainly provided a good deal of attractive "copy" for the newspapers, but the ultimate value of whose labours is at present somewhat conjectural. The new Board is to have very considerable powers and will be able to proceed on its own initiative against a combine, or alleged combine, and make thorough inquiries into the business of, and deal with, any person or firm which accumulates or withholds from sale necessities of life, beyond the amount reasonably required in the business. The effect of this new legislation, whether or not, it will really have tangible results to the consumer, cannot be foreseen. Much will naturally depend upon the personnel of the new body, which is likely to find itself up again some of the stiffest problems of the day. That there has been a considerable amount of sheer "hoggishness" in the last few years in the control of staple commodities cannot be denied, but "hoggishness" has also been

evident in the demands made by manual labour, and there has been a widespread tendency to confuse large profits made quite legitimately as the result of an immense turnover, as in the case of the milling companies, with "profiteering," which is another matter altogether. On the other hand, the difficulties surrounding an attempt to fix prices are notorious, and experience during the war has only served to increase appreciation of those difficulties. What success the new authority will meet will eventually remain to be seen, as has been said, but at least it is evident that its organisation means the close in Canada of the period of purely individualistic enterprise and business methods.

The Dominion Government's proposed borrowing in New York will be largely, if not wholly, a refunding operation, and as such is likely to have little effect on New York exchange. An issue of \$100,000,000 2-year 5 per cent. gold notes put out in New York two years ago, matures on 1st August, and this, it appears, is likely to be met by a long-term issue. The basis of the new issue has apparently not yet been decided, but it will certainly be better than the 6 per cent. basis on which the maturing notes were issued, in view of the change in financial circumstances since that date. With regard to New York exchange, it is not to be expected that this will show any marked decline, while our present trade arrangements of selling exports on credit and paying cash for our imports continue. The present state of exchange is no doubt a serious matter for those who have to make large remittances to the United States, but, on the other hand, it has probably a certain effect in discouraging unnecessary imports, and thus is not altogether an unmixed evil.

It will be noted in connection with the new bank statement published on another page that the month's decline in the banks' Canadian current loans is practically the same as the month's rise in notice deposits. Evidently the two movements are the result of the sending forward of goods which had been held in store for some time, and, so far as Canada is concerned, have now been converted into liquid wealth. The month's decline in current loans is of \$36,538,837, to \$1,071,447,686, but at this figure, they are still no less than \$176,630,573 higher than at the close of May, 1918. The rise in notice deposits of \$27,997,992 brings these

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