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Canadian Business and Production

THEIR *Record in the Past, Their Present Performances, and Their Probable Path during the Next Few Years—A Rough Outline of Possibilities, Based on Material at Hand After Nearly Two Years of War*

By FRED. W. FIELD.

IN this great war, precedents and theories are frequently shattered over night. A sudden development in one part of the arena quickly makes this country rich or that country poor. An unforeseen happening in a few minutes, takes the starch out of the previous week's forecast. The philosophy, therefore, of meeting each day's problems as they arise, is good. But, after nearly two years of war, something has been learned as to how Canada is standing the strain, financial and otherwise. The lessons of many errors in the character of national development have been observed. Outlined dimly in the distance are some of the things which must be done after the war for the benefit of national welfare. These in turn give an idea of what must be done now. The necessity of a commonsense look into the future is indicated by important commercial, financial and other action on the part of governments, including the Canadian and the British authorities, with a view to planning for the period to follow the war.

There is, therefore, some excuse for looking ahead a few years and basing some suggestions upon past and present experience. The national business career during the past few years and including almost two years of war, may be analyzed with an eye to the future. The accompanying chart shows the fluctuation of Canadian business and production since 1909. For the period 1909-1915 is used again the chart drawn by Mr. R. D. Bell, Montreal. To that we have added lines, projecting them into the future. These lines hazard a prediction as to how business and production will be this year and in the next and the next. To do this, one must assume that the war will end by a certain date. With a degree of optimism, the end of the struggle has been put at December, 1916. It must be fixed arbitrarily at some date in order to form conclusions. If the war lasts several years more, it is impossible to make any sort of predictions of value. It seems evident from our twenty months of war experience that if hostilities are continued beyond the end of the present year, the Canadian position will improve. To a certain degree, and so long as we can bear the financial strain, the continuance of the war is, ironically enough bringing prosperity, as it means a growing demand for our products, manufactured and otherwise. There is, of course, the possibility that the belligerents will fight until exhaustion, starvation and crises innumerable are facing them. That prospect, so far as the British Empire and

its Allies are concerned, is far distant, for only now are we beginning to come to a full state of preparedness. Each month brings us greater strength.

In the accompanying chart, the "Business" line is made up of: (1) Bank circulation; (2) Bank current loans; (3) Foreign trade; (4) Bank clearings. The "Production" line is based on (5) Field products; (6) Forests; (7) Mines; (8) Fisheries. These eight items are chosen because reliable annual statistics are available for each one. This year we find, according to available statistics for the first few months and to prevailing features of the situation, that business is improving and is likely to continue to improve. The forecast for the twelve months of 1916 is shown in the text accompanying the chart as follows: (1) Bank circulation, about equal to or slightly larger than that of 1915. (2) Bank current loans slightly larger. In the March bank statement current loans show a gain of \$10,000,000. War profits are being used largely to retire bank loans. As many firms are working with only small bank loans or none at all, the business position is therefore better than indicated even by the substantial expansion in current loans. (3) Increase in foreign trade. The figures representing exports of Canadian merchandise for the fiscal year ended March 31st last were \$741,000,000, compared with \$409,000,000 in the previous year. The latest fiscal year included three active trade months of the calendar year 1916. Our exports continue to increase and will likely do so during the continuance of the war. (4) Small increase in bank clearings. This will be a reflection of general business conditions. The business line, therefore, we may expect during this year to continue upward.

As to production, the chief drawback to greater output is the shortage of labor. That will affect field crops and other production. Less acreage is reported this year as a result of short labor and of less fall ploughing in 1915. Our (5) field crops, therefore, are not likely to be as large as they were last year because of these factors. Also, we had an abnormal crop in 1915. Given good weather conditions, there should, however, be a substantial crop which should fetch satisfactory prices. In (6) forest production, we should soon begin to feel the results of the valuable campaign work which has been done by the government's trade commissioners to market Canada's forest products in foreign countries. This year should see greater production with a good demand, improving after the war ceases.