WAR ORDERS AND FINANCE

Dominion Government Has Advanced $25,000,000 on This Account—Russian Orders

The Dominion government may be unwilling further to expand the issue of Dominion notes by any arrangement for advances on the security of Russian notes, but it is not improbable that some arrangement may be arrived at between the London and Ottawa authorities, whereby Canada will be able to take advantage of the large amount of Russian business now offering here. The order for 2,000 cars which the Canadian Car and Foundry Company has been negotiating with the Russian Government, has not yet been closed, because the company is unwilling to accept payment in Russian notes, which it might find difficulty in negotiating.

The Dominion government has been affording some measure of temporary assistance to the allied governments in connection with their purchases in Canada. A statement issued by finance minister White last week said:—"Advances totalling about $25,000,000 have been made since the beginning of the war to finance purchases by the British, French, Russian, New Zealand and South African governments. Such advances are repaid, from time to time, by the governments concerned, in sterling exchange."

Financing War Contracts.

The question of the financing of war contracts obtained by Canadian firms from foreign governments has been receiving attention by the government practically since the outbreak of the war, says an Ottawa dispatch, and especially since the international exchange situation became so unfavorable to Europe. Efforts were made from time to time to bring about the arrangement of credits in London from which payments might be made. The minister of finance, cognizant of the significance of the exchange situation, offered, in the event of the banks requiring such accommodation, at any time to make advances in Dominion notes against foreign securities which they might buy to facilitate purchases of munitions and supplies in Canada.

Attitude of Banks.

The attitude of Canadian banks is understood to be that they are already extending credits on a generous scale to customers engaged in manufacturing munitions and supplies, and that, although their position now is more liquid than for years, they must conserve their resources for the movement of this year's crop, expected to be the largest by far in the country's history.

The question of currency inflation should further Dominion notes be issued against securities is also of great importance in the consideration of the question.

TRADE BALANCES.

Regarding the article on trade balances in *The Monetary Times* last week, Mr. R. D. Bell, of Messrs. Greenshields & Company, Montreal, writes:—

"Interesting and true as Professor Shortt's remarks are, they do not seem to add anything to what is generally taken for granted in considering imports and exports. No one pretends that the foreign trade figures measure personal services any more than they measure the 'invisible balance' of trade made up by borrowings, interest payments, remittances, expenditures by Canadians abroad and shipping charges.

"The foreign trade figures measure physical goods at current prices, nothing more, although that trade is largely the basis on which the personal service element and the invisible balance develops.

"Just because we have no accurate measure of these things is no reason why the foreign trade figures which accurately measure the physical goods exchanged, should not be used as a significant index of certain phases of the country's position.

"As to the point in connection with 'foreign merchandise' made by Mr. Cringan it should be pointed out that this merchandise having figured once in the trade returns under imports should be allowed to figure again under exports when it goes out.

"Is it accurate when estimating the trade balance to deduct foreign merchandise from the exports when they must also be in the import figures somewhere?"

CANADA'S EXPORTS EXCEED IMPORTS

May Figures Show a Favorable Balance of $8,000,000—Exports of Manufactures Doubled

The total trade of Canada in May was $78,938,990, as against $80,023,321 in the corresponding period of last year. Exports amounted to $42,080,486, while imports were $34,390,808.

Slight increases are shown in mineral, fisheries, forest and farm exports, while manufactured exports grew from $5,997,277 to $16,121,149 for the month. Imports decreased by ten millions, those for May of this year being $34,390,808, as compared with $45,076,939 for May of 1914.

For the first two months of the fiscal year the trade aggregate was $145,244,352, as compared with $135,868,244. While imports have decreased, the balance is evened up by large increases in exports. The trade balance in favor of Canada in the two months is about eight million. A year ago there was an unfavorable balance of $35,000,000.

Export of Manufactures.

The May trade figures show that the export of manufactures is now practically double what it was a year ago. The war orders for shells, ammunition, clothing, harness, etc., mean a monthly business of over ten million dollars, and this is steadily increasing. For May the export of manufactures was valued at $16,121,149, as compared with $5,997,277 for May of last year. For the first two months of the fiscal year the exports of manufactures have totalled $29,342,807, an increase of $19,050,331 over April and May of last year.

Total Merchandise Trade.

Imports for the past two months totalled $62,782,448, while exports of domestic products were seven millions more. The total trade in merchandise for the two months was $133,554,823, an increase of $3,781,465 over the corresponding months of last year.

The trade figures also show the ebb of the movement of gold to Canada last fall, which brought from the United States upwards of twenty-five millions to the treasury in trust for the Bank of England. Gold exports last month totalled $1,455,457, or about one million more than for May of last year. In the past two months gold exports have totalled $6,436,158, while imports have totalled only $1,228,252. Since the May returns were published, the gold exports have reached a total of over $83,000,000 from January 1st to date.

CANNING COMPANY'S PROPOSAL

Asked for details regarding the proposed holding company for the canning companies, Senator E. D. Smith, of Winona, Ont., tells *The Monetary Times* that as the scheme has not yet materialized, the matter cannot be discussed for the present.

"The proposal," he told *The Monetary Times*, "is made in order to try to bring about co-operation amongst the various conflicting interests to such an extent as to make the industry, if not a paying one, at any rate one that can live. We do not think that it is desirable that all of the canners in this country should go into bankruptcy. It would not be in the interests of the country to say nothing of the individuals interested in the industry. One more year of work like the last two years, however, would practically drive those who have not already gone into bankruptcy, into it. The losses have been enormous. I know of one small factory with a capital less than fifty thousand that has in two years practically sunk all its capital, and under not very bad management either. There are several other companies that have done equally as badly, and although there are many companies which are still perfectly solvent, their losses have been nearly of the same proportion.

"These are the reasons for the present effort which however may yet fail to materialize."

Bondholders representing $780,000 of the outstanding $1,000,000 bonds of the British Canadian Canners Company met at Montreal and approved certain alterations in the trust deed. As a result of this action, the British Columbia Canners' officials can now complete arrangements with other canning concerns for the establishment of a holding company.