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GENERAL FINANCIAL SITUATION.

(Continued from front page)

actual administration of the country's finances. Upon the way in which this work is performed depends whether or not, the country's revenues are wisely and economically administered, and encouragement to efficient service in this connection is one of the best means by which the said administration of the country's finances can be assured.

Financial opinion in London seems to be that the low rates for sterling exchange with New York now in force will continue for some time to come, and that in fact, the dollar may appreciate still more. There is, however, apparently no disposition to correct the present state of affairs by artificial means, the view being held that only by natural conditions working themselves out can a balance be finally obtained. Some of the suggested corrections, by means of which this balance will be obtained, seems to be of a very far-fetched character. There is, for instance, the suggestion that American funds will be permanently invested in Great Britain and other parts of Europe. So far as Great Britain, at least, is concerned, there is not the slightest possibility of such a development, unless there were a deliberate effort to encourage it, by means of a radical revision of British taxation. Under the present arrangements of taxation in Great Britain, holders of British securities living abroad have to pay an income tax at the source of six shillings in the pound, approximately 30 per cent.—they only receive, in fact, fourteen shillings of every £ and sterling of interest on dividends due them. That there would be under such circumstances any substantial movements towards investment in Great Britain by capitalists living abroad, is, of course, out of the question. Yet, this childish suggestion was displayed the other day in a local financial paper as a tit-bit of information.

The fact of the matter is that Great Britain is in no need of outside capital for permanent investment. The British people themselves have plenty to look after their own needs in this direction, and a good deal to spare for investment abroad, as we in Canada will begin to appreciate

at not too distant a date. What Great Britain needs at present is a return to work on the part of a large proportion of the population, now living on government doles, as described in this column last week, and the building-up afresh of her export trade. When that is accomplished, some real progress will have been made in the matter of British re-construction after the war. The idea, however, that Great Britain is in desperate financial straits and requires permanent investments of outside capital to tide her over her present difficulties is absolutely ludicrous, and could only have been made by someone having not the least knowledge of the facts.

The August trade returns again emphasizes the dependence of the Dominion, from the point of view of export trade, upon its agricultural resources. Compared with August, 1918, there is an increase in the favorable balance of trade of \$25,000,000, from \$10,501,362 to \$35,207,507. This increase is much more than accounted for by growth in exports of agricultural and animal products. The former in August, 1919, reached \$36,909,260 compared with \$19,352,809 in August, 1918, and animal products, \$33,470,610 against \$21,727,091. At a time when there is an inclination to lay stress on the necessity of developing exports of manufactures these facts are worth bearing in mind. We do not deny the importance of such development, which in one case, at least, that of wood products, has already reached very large dimensions, but it is clear that our great reliance for the future of an export trade lies with our agricultural resources. But it is not to be expected that the present figures of our agricultural exports will be maintained. Any pronounced decline from the present fixed price of which would, for instance, gravely affect them. The function of the development of our manufacturing industries is to maintain our place in export in the face of this decline, but with the one exception referred to, it is to be anticipated that for many years to come, our agricultural exports will be the mainstay of our foreign trade.

This week's strike in the United States steel industry appears to be a real test of strength by Bolshevik elements. We had that test of strength in Canada in the Winnipeg strike; the Bolsheviks were soundly whacked, and despite sporadic trouble, the Canadian labor situation has since been comparatively settled. Much depends upon the outcome of the present strike, and it is to be hoped that it will be firmly handled. The crazy lengths to which the radical labor element in the States is prepared to go is seen in the miners' programme of a 30-hour week combined with a 60 per cent. increase in wages. Why work at all?