

# Bank of Commerce Circular Letter

The following monthly circular letter issued by the Canadian Bank of Commerce is of timely interest owing to the crop situation and the labor market.

## Crops.

Harvesting operations in the West will commence about the middle of August. Black rust has been reported from points immediately north of the international boundary, and some damage from hail has been sustained, but on the whole the outlook is for an average crop.

In Ontario, with the exception of hay, the field crops are below normal. Roots suffered from the high temperature and lack of rain during the latter part of July and will require favourable weather in August. In the eastern provinces crop conditions are normal except in the case of hay, which is everywhere a very heavy crop. As a whole the general results of field and orchard culture will be about normal.

## Seriousness of Labour Conditions.

Much anxiety is felt as to labour conditions and much effort is being expended in dealing with the available supply so as to obtain the best result. Continuous pressure is being exerted to advance wages and at the same time national exigencies make it most desirable that cost of munitions, which form at present so important a part of our industrial production, should be reduced. It is common knowledge that very decided economies in this regard could be effected if the supply of labour were more dependable and more efficient. The cost of munitions is frequently enhanced and the output limited through failure to obtain sufficient supplies of parts that are essential to complete production, and this failure is often traceable to workmen who insist on usual holidays and reduced hours of labour. Involving as it does, not only the waste incidental to the prolongation of the war but additional suffering and loss of life at the front, the results of this insufficiency of labour do not appear to be understood by many of those who might give service and who ought to realize that this hour of their country's peril demands sacrifices and unremitting exertion on their part. In the interests of the country's general welfare it is most regrettable that our resources in men are not being conserved by more scientific methods of recruiting. It should be remembered that the whole-hearted services of a worker in a munition factory are in their way as valuable and necessary to the nation as those of the soldiers in the trenches, who in their perilous and imperative duty of carrying on our offensive on the battle-fields, call for and have a right to expect the utmost help from our factories. This requires, when occasion demands, the sacrifice of normal pleasures and privileges in order that an abundance of artillery and ammunition may be forthcoming at crucial moments. Soldiers at the front are daily risking their lives to preserve our freedom and, while they are so doing, our universal and imperative duty is, with self-sacrifice and diligence, to strive to provide them with anything and everything that will minimize the loss of life. Sacrifices made within our well-defended shores to ensure industrial efficiency are insignificant compared with those being made by our kith and kin on their twenty-four hour duty in the trenches, for which there is no compensation in terms of profits or wages.

## Economic Situation After the War.

Second only in importance to providing for the requirements of our forces in the field is the duty of preparing for economic readjustments when the war ends. Sir George Foster, the Minister of Trade and Commerce, urges business men to confer with one another with a view to determining "the best means of meeting the coming situation and of mobilizing the business forces of Canada so as to employ our labour, increase our production and enlarge our markets along peace lines." Rebounding from two years and more of the most destructive and wasteful war of history, the world will then plunge into a trade and economic contest in which forces will assume totally new alignments, when competition will be keener and stronger than ever, and when science and organization will play a leading part in any successful role."

## Railways and Their Future.

At present the deliveries of grain to the railways in western Canada are at the rate of 500,000 bushels daily, and even at this rate a large quantity will still be left in the hands of the growers when the harvest of the present year is ready for shipment. This movement is the chief factor in maintaining gross earnings at a much higher level than during the corresponding period a year ago, as shown in the enclosed chart.

The volume of traffic appears likely to be maintained to the end of the war and even afterwards, so that if immigration and settlement again become normal, it will be highly desirable that the equipment of existing lines be increased, unfinished grading completed and additional lines built into territory already partially settled. Transportation facilities at this juncture are of such national importance as fully to warrant the action of the Government in appointing a commission of distinguished authorities to advise as to the future relations of the Government to the existing systems. A definite policy in this regard would stimulate external as well as domestic interest in the development of the newly-settled portions of the Dominion.

## National Saving and Thrift.

References in these letters have been made from time to time to the necessity of conserving our resources for national purposes. It is all too obvious that money and labour continue to be expended on non-essentials. The Chancellor of the Exchequer, Right Hon. R. McKenna, in a letter to the Secretary of the British National Economy Exhibition, says:

"It is often necessary in dealing with problems of war expenditure to speak in terms of money, but thinking of those problems exclusively in terms of money often leads people very much astray. For example, I have heard it said that the more money that is spent on home products the better, because the more money is circulated the greater the prosperity. This is a profound error. What the nation needs is goods, labour, and services for the successful prosecution of the war. Everyone's work is wanted either directly or indirectly for this purpose, whether for supplying our fighting forces or for making goods for export with which to pay for necessary imports. Expenditure on non-essentials, whether produced at home or abroad, diverts capital and labour that can ill be spared to purposes which do not help us in winning the war."

Because of the persistent offering of foreign securities in Canada and the extent to which they are being purchased, Sir Thomas White has publicly asked that investors reserve their funds for the service of the nation and he points out that by so doing, no injury is done to our Allies, as other markets are open to their securities. Under the War Measures Act the Government has power to prohibit the offering of foreign securities in Canada, but up to the present has preferred not to resort to prohibitive measures.

## Industrial Conditions.

Great difficulty is still being experienced in procuring labour, not for munition work alone but to meet the growing demands upon domestic industry. The latter have been stimulated by the prospect of another good harvest. The prices of raw materials tend upwards and in many cases they are becoming more difficult to obtain. Certain kinds of steel essential for present requirements are difficult to obtain in sufficient volume even though imports are on a larger scale than usual. Home rail mills have not been able to accept orders for domestic needs which must be satisfied before the heavy traffic movement in the autumn can be satisfactorily handled.

In many districts unusual difficulties will have to be faced this autumn by the operators of logging camps. Provisions are high in price and men are scarce. Under these circumstances the output of logs all over the Dominion will be less than normal and operating costs will be very much higher. An uncertain factor is the trend of values after the war ceases. Opinion on this point is divided, but the majority of practical lumbermen anticipate that after the war there will be a steady demand for lumber at good prices. In the meantime it is obvious that the cost of logging during the coming season will cause the output to be very much smaller, in addition present stocks are low and are being steadily

drawn upon, and this will tend to prevent any serious collapse of prices. In British Columbia an advance of \$1 per thousand has already been reported, and the increase is likely to be maintained.

Continued progress is being made in the West in the development of the dairy industry. The first annual statement of the Kelowna Creamery, in British Columbia, indicates that the value of the butter produced by that creamery in the course of the year was \$17,000. At present a great part of the Province is supplied from New Zealand, the imports of butter from which for the fiscal year ending March last amounted to \$326,000.

Important developments are taking place in the nickel industry in Ontario. The Minister of Mines has officially announced that two refineries will be erected to treat ore in the Province instead of exporting it as hitherto.

Fishing on the Atlantic coast is satisfactory, but in British Columbia, owing to the coldness of the weather, the salmon catch so far has been much below normal.

## The Far Western Coast.

On the most northerly sea-coast of British Columbia there is at the present time an unusual amount of mining development. On Moresby Island, in the Alice Arm district, at the head of Observatory Inlet, at Surf Inlet and at Hazelton, as well as at many other points, large sums are being paid out to workmen engaged in development work.

There are also considerable developments in the fishing industry. The herring in these waters are equal in quality to those caught on the Atlantic coast, and the herring fishery will soon take rank with whaling, salmon and halibut fishing as an important industry of the Province. It is a matter of national satisfaction that even during the progress of a destructive war so many fresh sources of natural wealth are being discovered in this Dominion.

## Banking and Finance.

It has been proposed to convert from sterling into dollars certain issues of provincial and municipal securities which were originally sold in England, with a view to the use of the securities in their new form in the United States, the object being to facilitate as far as practicable the financial operations under the direction of the British Treasury board. Whatever advantages may accrue to the issuing bodies under the tentative plans now being considered will be more or less offset by the shortening of the time of maturity.

The Dominion Government issue of \$30,200,000 three-months bills has been taken by the chartered banks in anticipation of the loan to be made next month. A payment of 70 per cent. on account of these bills was made on August 1st and the balance will be paid on September 1st. It is announced that the loan of \$25,000,000 maturing this month in New York has been paid.

Satisfactory results have already followed the conferences between representative bankers and agriculturalists held recently at Winnipeg. The development of co-operative and other farmers' organizations has brought to the front recognized leaders competent to deal with those difficulties which have had a disturbing effect in the past, and which, it is hoped, will to a large extent be removed through the conferences now being held.

The assets of the chartered banks, at the end of June last, amounted to \$1,836,347,652, an increase of \$262,136,877 as compared with the figures of June, 1915. To this result the chief contributory factors were increases in Securities of \$100,322,313; Call Loans, \$71,300,427; Balances with Banks Abroad, \$33,371,682; and Cash and Bank Balances, \$59,460,423.

During June this year Call Loans increased \$21,300,794 and Current Loans and Discounts declined \$15,185,134. Notes in Circulation increased \$8,526,072 and Deposits by the Public in Canada, \$18,349,948.

The premium on New York Exchange which stood at 7-16 per cent. at the beginning of July fell gradually during the month, reaching a normal level at the close.

## MINERAL BATHS.

The mineral baths at Mount Clemens, Michigan, are noted for the treatment of rheumatism and kindred disorders. Mount Clemens has eleven bath houses and many hotels and boarding houses. Mount Clemens baths and hotels are open the entire year, but the autumn is a delightful season to take the baths, when to the benefits of the baths may be added the charms of a delightful environment. For full particulars regarding these famous baths, write any Grand Trunk Railway Agent.