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THE GENERAL FINANCIAL SITUATION.

In regard to the extraordinary developments in New York exchange at the end of last week, and the present position of that exchange, it should be borne in mind that those developments are not primarily the result of vitally new circumstances, but are, in fact, the consequence of the demoralised condition of the exchanges generally. At the end of last week, in fact, there was what may be called a "panic" in the exchanges, due to the slow pressure of unfavorable developments which had been for some time accumulating. With reference to the local situation, a shipment of \$20,000,000 gold was sent from Ottawa to New York when things were at their worst, and this had a temporary effect in steadying the position. Measures of this kind can, however, only have the slightest effect upon a situation which has roots and ramifications far beyond treatment of this surface character. A number of excellent people, some of them prominent in public life, have been telling Canadians the obvious truth that they must produce more and buy less from abroad, and giving good advice about the necessity of cutting out the purchase of imported luxuries. This sort of thing, in *The Chronicle's* opinion, is an absolute waste of breath and energy. The fact is, to put the matter quite plainly there are too many pigs in clover in Canada at the present moment for this kind of thing to be of any use at all. One day this week, a rough looking customer (*The Chronicle* is prepared to vouch for the truth of this story) went into one of the big jewellery stores on St. Catherine Street and asked for a ring. A *saucy* store clerk enquired what kind of a ring. "One with a stone in it," replied the customer. The clerk, not without some misgivings, pulled out a tray of diamond solitaire rings. The customer picked one up, and demanded the price of it. The reply was \$800. "Well, I guess that'll do," replied the customer, slipping the ring into his vest pocket. He pulled out a wad of bills, counted out sixteen fifties and left the store.

Now that is a sample, a little above the average, perhaps, but still not an unfair sample, of the pigs in clover sort of buying which is going on all over Canada to-day. Thousands of people, with piggish ideas and more money than they ever imagined in their wildest dreams five years ago, are squandering the money

piggishly. Under such circumstances, what is the sense of pious economic platitudes? They never even reach the ears of the delinquents. As *The Chronicle* said last week, the only real method of stopping the buying of imported luxuries is to prohibit their import. Whether that is practicable, or even if practicable, would he understand, we very much doubt. Short of that, possibly heavier taxation on the individual would have some effect, though this would necessarily mean hardship to those portions of the community which are not in the pigs in clover class. It may be noted that European financial critics lay great stress upon the weakness of the British Government, and more particularly of the French Government, in the matter of taxation, as important reasons for the fall in sterling and francs, owing to the squandering of war gains upon imported luxuries. As regards Canada, it is probable that imported luxuries play a lesser part than in Europe in unfavourable exchange, owing to our dependence upon our southern neighbors, for a good many staple necessities. But if imported luxuries are to be reduced, as is certainly desirable, it will not be through the preaching of pious platitudes.

Some interesting consequences of the exchange situation are now emerging. There is a steady stream of realisation of Canadian securities by British holders. With the Canadian dollar at a premium of nearly 20 per cent in London, British holders of Canadian securities are, of course, securing a very handsome profit on their realisation. Apparently, those securities are being absorbed in the home market quite freely, and without any disturbance, which is a very satisfactory feature. On the other hand, Canadian securities on the New York Stock Exchange, which attained very large proportions in the summer and early autumn, are dwindling rapidly, which fact is also not surprising. Even the hardiest speculator will think twice when a 10 per cent premium on exchange is in question. It is thought in some quarters that as a result of the shutting off of New York speculation to Canadians for the time being, that more attention will be paid to local securities. This appears quite possible, particularly in the case of the paper stocks, to whom the present premium on New York funds means a veritable bonanza. Should New York exchange continue markedly adverse to Canada, a

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