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TRUE PROSPERITY AND FALSE.

The remarks made by Sir Frederick Williams-Taylor, general manager of the Bank of Montreal, in closing his address at this week's shareholders' meeting of that institution, deserve very close attention. Therein, the speaker drew a distinction between what may be called true and false prosperity, or more accurately, the prosperity which is soundly based upon permanently favorable factors, and that which is merely transitory (dependent upon circumstances which can be no more than temporary in character), or even illusory—without any sound basis. In recent years, these three varieties of prosperity have been distinctly visible in Canada. While genuine prosperity, the result of industry and of legitimate trade, pursues a somewhat quiet course, not requiring any "boom" to keep it alive, a good deal of the visible prosperity during the period culminating in 1912-13 was of the transitory type, dependant for its existence upon the continuance of construction upon a large scale. Some of the apparent prosperity of that period also was frankly illusory, as witness the real estate gamble—the facts in connection with which it is now possible properly to appreciate.

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It seems also that many do not yet appreciate the essential character of the basis of genuine prosperity, if judgment may be made from various comments which appear, even in the financial press. It has lately been said that Canada has been "pitchforked into prosperity" and similar expressions have been used conveying the impression that economically, all will shortly be for the best in the best of all possible worlds. Sir Frederick Williams-Taylor's analysis shows that these and similar views are merely hasty generalisations which do not take full account of the facts. There certainly is ground for the more hopeful feeling which prevails generally, but that hopeful feeling can only be well grounded in so far as it is based upon the bountiful harvests which have been gathered this year, practically in all parts of the Dominion. If future prosperity is to be soundly based, there must be the continued development of our agri-

cultural resources, backed by further development in lumber, mining, fisheries and other industries, which, like agriculture, are based upon the world's necessities. Only through this primary development, systematic and long-continued, can our transportation systems and our secondary industries flourish and genuine prosperity accrue, not only to actual producers, but to all who assist in one way and another in the progress and guidance of the complicated machinery of modern trade and commerce.

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Continued insistence upon those facts is especially necessary at the present time because of the misleading deductions already cited, which are apt to be drawn from the current activity in munitions and war supplies. This activity has undoubtedly been exceedingly useful in bringing large funds to Canada when they were badly needed, but it cannot be considered as supplying a basis of genuine prosperity in the full economic sense of that word. Sir Frederick Williams-Taylor aptly remarked in regard to the munition business that it is necessary to remember "that the manufacture of war materials is a grim and transient form of so-called prosperity, that the cost thereof comes out of the national exchequer of Great Britain or of Canada, and from the blood of the flower of our manhood." An industry which only thrives when thousands of men become economically useless and governments are forced to unproductive expenditure on a vast scale, certainly cannot be regarded as a sound basis of genuine prosperity. It is to be remembered, also, that the plants which are now engaged in this work will at the end of the war have a difficult task in readjustment to peace conditions. It is possible that our manufacturers may be able to build up a large export trade, while the first stages of the rebuilding and reconstruction of Europe is in process. But clearly this also will be a temporary phase, and not a permanent basis of genuine prosperity, except in so far as our manufacturers are able to hold subsequently, in fierce competition with the European nations, the foreign markets which they enter. Moreover when our war exports suddenly stop, there

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