

Finance and Trade During 1917

The results of the campaign for the Victory Loan are a legitimate subject for national pride. The amount of the issue was \$150,000,000, but it was understood that the Finance Minister would accept subscriptions for twice this amount, and the committee which so loyally undertook to place the loan in the hands of the public felt confident that the larger amount could be obtained. Objectives were set for provinces and districts, based upon the assessed value of real property, and in almost every case were very largely exceeded. Applications were received up to 1st December, but continued to arrive through the mails for a week subsequent to that date. The official figures as at 15th December are as follows:—

	*Population.	Total Subscription.	Individual Subscribers.	Amount per Subscriber.	Amount per Capita.
British Columbia	392,480	\$17,820,500	45,834	\$389	\$45
Alberta	374,663	16,515,150	55,408	298	44
Saskatchewan	492,432	21,777,050	73,675	296	44
Manitoba	455,614	32,326,600	78,856	410	71
Ontario	2,523,274	203,823,500	362,900	562	81
Quebec	2,003,232	93,798,100	125,867	745	47
New Brunswick	351,889	10,250,000	20,000	513	29
Nova Scotia	492,338	18,588,150	39,521	470	38
Prince Edward Island	93,728	2,331,350	5,300	440	25
	7,179,650	\$417,230,400	807,361	\$517	\$58

*Dominion Government Census, 1911.

The hope expressed in our November letter that the Victory Loan would be more widely distributed than any previous issue has been fully realized. One person in every one hundred and eighty-seven subscribed to the loan of \$100,000,000 in April last, and one in every ten to the loan just closed. This great improvement is doubtless due to a realization that henceforth the nation must depend upon itself to finance its part in the war. Another very important factor in the success of the loan was the popular character of the organization which took it in hand. Past loans have been offered merely through ordinary financial channels to those who are already accustomed to buy securities, but in the case of the one just closed the co-operation of the general public was enlisted with entirely satisfactory results.

The payment of so large an amount, so widely distributed and extending over several months, may be expected to curtail personal expenditures very considerably. Economy will be necessary to enable large numbers to meet their payments, and this is wholly desirable. The purchasing of unnecessary, usually so general at this season, it is hoped will be considerably curtailed. So much that is bought at Christmas time is of foreign origin, and the proportion which is produced at home employs labor that from a national standpoint could be employed in work which would add to our effectiveness in the war. This self-imposed obligation to save should also result in greater economy in the use of food and clothing, and thus aid further in the conservation of our resources. As national consumption decreases and production increases, the greater will be the amount of goods we can place at the disposal of our own and of the allied governments; and they have dire need of them. The success of the Victory Loan ensures the full employment of our industrial resources, and a ready market for our farm products. In both factory and farm the needs of those fighting for our cause must have first consideration.

The immediate object of the Victory Loan was to provide for the financial needs of the nation, but a most important and more permanent result has also been attained in that the wide-spread distribution of the loan has brought into the ranks of investors large numbers who hitherto have not given any thought to making sacrifices in order to save. If this new group of investors can be induced to continue to save, both during the war and subsequently, not only will this benefit the individual, but the resulting conservation of the national resources will so add to the financial strength of the Dominion as to go far towards making it independent of outside aid.

INDUSTRIAL.

The removal of any uncertainty as to the continued financing of orders for munitions from our allies, and from the British government, by the unexpectedly large response to the Victory Loan appeal, cannot fail to establish confidence in the industrial outlook. In all classes of industry there appears to be an abundance of orders, a condition which will continue for some time. The extension of the output is still limited by lack of labor and material, but there

appears to be a substantial gain in volume. The home demand is being met by domestic products to a greater extent than formerly.

The Postal Census of Manufacturers in 1915, a summary of which was made public earlier in the year, has just been issued, and shows that the increase in the value of manufactured products between 1905 and 1915 was 18.58 per cent or from \$1,165,000,000 to \$1,381,000,000. In the earlier part of 1915, however, there was a falling off, followed later on in the year by a decided increase in activity due to the placing of war orders. From the closing months of 1915 to the present time there has been no cessation of this activity nor has there been any check

to the advance in prices and in wages. Meanwhile many new plants have been built and existing plants extended, in order to meet the extraordinary demand, with the result that the output to-day must be very greatly in excess of that of previous years. In the fiscal year ending March last, the exports of manufactures were valued at \$477,399,676 as compared with \$85,539,501 in 1915. For the seven months ending October last, the value was \$420,380,372, or only \$50,000,000 less than for the whole of the previous twelve months.

A decided increase in the output of pig iron has taken place during the year, but the supply still falls short of the demand. For the first nine months of the current year 895,307 tons were produced, as against 844,717 tons last year. It is interesting to note that this year 9,983 tons were produced in electric furnaces. The total production of steel ingots and direct castings during the first nine months of the year was 1,265,183 tons, as against 911,054 tons last year. The steel produced in electric furnaces during the same period was 30,960 tons, as compared with 19,639 tons during the whole of 1916. By September the production of the electric furnaces had risen to 5,000 tons per month, or at the rate of 60,000 tons per annum. The war demands, to which this increase is due, show no signs of diminishing, and are given precedence over commercial demands, which are also steadily becoming more pressing.

In the lumbering business there is not much activity, although in several districts efforts are being made to get out as much lumber as the unusual conditions will permit. On the Atlantic seaboard there is a good demand from the United States, which is expected to increase. There must also, sooner or later, be a heavy demand from Europe, which market is at present cut off because of the lack of available tonnage. There is also a dearth of railway cars for transporting lumber, which has proved a serious interruption to business.

MINING.

Although the mines have supplied their full quota of men for service at the front the output up to the present shows no serious sign of contraction. Upon the basis of official returns the Minister of Mines in British Columbia states that this year the mineral production of the province will more than equal in volume the exceptional results of last year, which were valued at \$40,191,744. Labor troubles, however, seriously interfered with operations at one of the chief custom smelters during last month, but it is hoped that this prophecy will still be realized.

In Ontario, mine operators continue to have difficulty in obtaining sufficient skilled labor to work their properties economically. During the first nine months of the present year the value of metal and metal ores produced, exclusive of iron ore and lead, is \$41,634,000, as compared with \$39,527,000 for the same period in 1916. The volume of silver produced declined from 16,203,091 ounces to 15,236,002 ounces, but owing to the increase in the price the value rose from \$9,750,000 to \$12,001,875. The arrangement between the governments of Great Britain and of the

United States for controlling the output of the silver mines within the territory under their jurisdiction is favorably regarded by responsible mine owners as a stabilizing factor in the market. The decline of 20,000 ounces in the production of gold during the period in question is due almost entirely to labor conditions. The new properties which are now being systematically explored give promise of satisfactory results as soon as conditions conduce to economy of operation. For national reasons attention has been given to the production of metals which are in demand for special purposes, among which may be classed molybdenite and cobalt, and these have added substantially to the value of Canada's mineral production.

LAND SALES AND COLONIZATION.

Sales of land in the Prairie provinces are more numerous than they have been for some time. In October the Canadian Pacific Railway sold 82,550 acres for \$1,456,451, as compared with 45,027 acres for \$680,697 in October 1915. For the ten months ending October the company sold 543,143 acres, as compared with 316,796 in the corresponding period in 1915. Homestead entries average about one thousand per month, the larger proportion of the homesteaders being from the United States.

AGRICULTURAL.

During November more than an average amount of fall ploughing was accomplished in the West, owing to the favorable weather, and as a great deal of new breaking had been done during the summer, an unusually large amount of land is ready for seeding next spring. In Eastern Canada the weather conditions were not as favorable and only about seventy per cent of the usual fall ploughing has been done. Deliveries of grain in Western Canada fell off about the middle of November because the farmers were concentrating their efforts on the preparation of the land. Since the weather became unsuitable for these operations deliveries have been resumed on a large scale, with the result that many complaints are being made of the shortage of cars.

RAILWAYS AND SHIPPING.

Transportation facilities have been taxed to the utmost, particularly during November. Shipping companies carried more freight per ton of capacity than during the previous season, and railway gross earnings are also much larger than for the corresponding periods a year ago. It is becoming more and more obvious that unless steps are taken to provide the transportation companies with additional rolling stock, and the navigation companies with additional freight tonnage, the general expansion of business will be seriously checked. Since the formation of the Railway Association some economies have been effected, but not a character to bring about an appreciable change in the situation. Special efforts are being made to secure the more prompt return of empty cars from the United States, but even if these efforts are successful there will still be a decided shortage. To add new rolling stock under present circumstances is very difficult, as the builders will not guarantee delivery within a year and prices average about 100 per cent higher to-day than in 1915. Labor is as difficult to obtain for the production of new rolling stock as for its operation, and wages in both cases are steadily rising. The manufacturer of the rolling stock, however, can adjust his prices to correspond with the cost of production, but the transportation companies which make use of the rolling stock are permitted to charge only a rate which is not sufficient, under present conditions, to cover operating and maintenance costs. Unless the companies are given power to increase their rates sufficiently to cover these costs, a situation will be created which will seriously prejudice business interests throughout the Dominion—whether those of the farmer, the manufacturer or the distributor.

BANKING AND FINANCE.

At the end of October the deposits of the banks showed an increase of \$107,000,000, to which the Dominion Government contributed \$43,000,000 and the public \$63,000,000. The circulation expanded \$14,000,000 to \$189,852,000, against which substantial additions were made to the Central Gold Reserve. Specie, Dominion notes and foreign balances all increased. Security holdings also increased from \$450,000,000 to \$493,000,000 and loans from \$998,000,000 to \$1,032,989,000. This expansion is seasonal, but is rendered more marked than usual owing to the high prices of all commodities.

After the violent fluctuations of the last half of October and the first week of November, United States exchange in Canada settled down to a more normal course, remaining at about 1-32 per cent premium during the middle part of November and falling to 1-32 per cent discount toward the end of that month.—Monthly letter of Bank of Commerce.