

Canada and the Price Reaction

This Country Divided from the United States by the Premium on New York Funds, will not be affected by what may happen to the Luxury Market in that Country—Our Output is Goods of Worldwide Demand.

By B. K. SANDWELL.

It is to be hoped that Canadian business men will not allow themselves to be influenced into a hysterical attitude concerning the business outlook for the immediate future by the process of credit curtailment which is now reaching its climax. There is no prospect of any serious reduction in commodity prices in this country or, indeed, in the world generally. There are no large stocks of commodities on hand out of which current demand can be satisfied during a period of slack production, and there is consequently very little prospect of a period of slack production being induced. Any curtailment of output of any of the articles of necessary consumption would lead to a prompt increase in price.

It is true that in the United States there may prove to be something of a glut of certain classes of manufactured commodities. That country has experienced a very heavy falling off in its export trade due in the main to its own persistent refusal to make necessary credit arrangements with the war-stricken countries of Europe, and to the consequent high premium on American exchange. Articles which cannot readily be disposed of on the European market, and articles which the Americans will not part with for European money at a workable rate of exchange, may quite possibly be pushed into the hands of the American consumer at a considerable reduction, owing to the pressure of a somewhat hysterical banking and financial opinion. The Canadian market is protected from the worst consequences of this tendency by the high premium on United States exchange. Articles which we have habitually been buying from the United States may, in some instances, become slightly cheaper, though this does not apply to any of the necessary food stuffs or fuels or raw materials which make up a large part of our imports. There will be little "dumping" of articles of the kinds which we make ourselves.

In a few words, the trade reaction about which we are hearing so much is a United States phenomenon and does not extend to any of the rest of the world, with the exception of Japan, whose position is in every way closely similar to that of the Americans, and whose financial resources for getting through a period of business difficulty are much less. Europe, as Mr. Otto H. Kahn reported not long ago, is becoming more productive, more settled and more prosperous every day. Most of the benefit of this improvement is being reaped by Great Britain, the nation which has not been afraid to strain its own credit resources and to allow its currency to be depreciated in New York as a result of its efforts to provide the wherewithal for European recuperation. Developments of the past year have wholly abolished the idea once cherished by optimistic Americans that their country was destined to supersede Great Britain as the great clearing house of the world. So long as the absolute necessities of Europe, and the inability of Great Britain to turn out goods, owing to the absorption of her energies in war, compelled the Old World to rely upon the New, the United States obtained, without specially seeking it, a very large share of the world's trade, not only in those raw materials and foodstuffs of which she has always been an exporter, but also in manufactured articles. This condition might have been made permanent had the American financiers re-

alized that a little more consideration must be shown to a buyer who has finished fighting and is striving to get back to normal life than to one who is immersed in a struggle for existence and cannot stop to discuss terms and prices. But the United States practically refused to sell to Europe except upon terms that would have been ruinous to the purchaser, and the result is that the American export trade, so easily built up during the war, has been thrown away in the first year of peace. Even with this sudden curtailment of its export trade, the United States should not, if its rulers and financiers exhibit good judgment, experience any serious shock to its economic structure in the next few years. The energies which have been devoted to supplying the needs of Europe could be profitably employed for several years in much-needed improvements and repairs to the working plants of the United States itself, always with the qualification that these improvements should be devoted to increasing the output and reducing the cost of necessary commodities, and not to enlarging the supply of luxuries.

The demand for luxuries may very reasonably be supposed to be at its maximum now, in all

parts of the world, and particularly in the countries in which the largest amount of new wealth has grown up during the war. There will be an inevitable tendency henceforth on the part of the wealthy classes of the United States to spend their money in Europe or in the acquisition of European luxury and art products, a large supply of which is now becoming available at comparatively moderate prices. This will materially effect the American luxury industries, but it will at the same time afford a means for the settlement of Europe's indebtedness to the United States in services and commodities, rather than in money, and this is the only way in which that immense bill can be effectively discharged.

Canada, in this process, will benefit materially by her close political and financial association with Great Britain, and by the condition of her exchange which, at the present discount, definitely dissociates her from the United States and connects her with the more substantial countries of Europe. It is a most fortunate circumstance that the articles which we sell to the United States are chiefly articles which that country urgently requires and will continue to require, even during a period of reduced business activity. Canada is not a producer of luxuries or of the commodities which are used in the making of luxuries. The only important luxury she sells is the travel-amusements which she provides for a growing number of American visitors, and we do not anticipate that the sale of this commodity will be in any way reduced in the next few years, whatever happens in the United States. The rest of our output consists of things which the world must have, and which it will continue to demand, whatever be the local and temporary conditions in the United States and Japan.

Results of Fur Auction Sale

The full report on the proceeds of the fur auction sale held in Montreal on March 22 to 29 is given below.

The sale was of particular interest, as it is very many years since a Canadian auction of furs has been held. The attendance of buyers was excellent, at times exceeding 600. There was a large contingent from the United States, in addition to buyers from other foreign countries.

The total amount realized was slightly over 5,000,000 dols., a result considered so satisfactory that it is probable other fur auctions will be held. Ermine was the only fur which showed any signs of falling below the market, other kinds realising about or slightly above New York and St. Louis prices.

The following figures show the ranges of prices for various kinds of furs. It will be noted that the sales included imported skins.

	dols.	dols.
Mole27 to	.66
Mink	9.50 "	75.00
Dressed mink	1.20 "	12.25
Black bear	3.00 "	45.00
Polar bear	240.00	
Buffalo robes	31.00 "	120.00
Mounted buffalo heads	300.00 "	1025.00
Musk ox	38.00 "	185.00
Persian shirras and black lambs	1.00 "	19.75
Ermine22 "	4.00
Otter	16.00 "	105.00
American opossum30 "	3.80
Skunk	1.00 "	10.00
Raccoon	2.70 "	30.00
Marten	18.00 "	201.00
Stone marten	32.50	
Baum marten	25.00	
Red fox	5.00 "	51.00
Wombat	1.45 "	2.50
Wallaby and kangaroo	2.30 "	30.00

Russian sable	185.00 "	390.00
Musk rat45 "	7.50
Wolf	5.00 "	45.25
White fox	28.00 "	70.00
Fitch	2.05 "	3.30
Lynx	15.25 "	62.50
Fisher	20.00 "	345.00
Silver Fx		
(damaged skin 1.50 dols. to 1,-		
225.00 dols., with majority run-		
ning 300.00 dols. to 800.00 dols.)		
Cross fox	20.00 "	200.00
Silver cross fox	189.00 "	240.00
Australian opossum	1.30 "	9.20
Australian red fox	1.00 "	5.50
Chinese fox	5.00 "	6.00
Dogmats	3.00 "	3.75
Marmot	2.65 "	2.75
Beaver	8.00 "	106.00

Canadian Pacific Railway

Montreal — Toronto.

In addition to three trains daily in each direction between Montreal and Toronto Union Station, the Canadian Pacific Railway provide a most convenient train service between Montreal Windsor Street Station and Toronto Yonge Street Station as follows:—

Westbound.

(Eastern Standard Time.)

Lv. Montreal 9.30 p.m. daily except Saturday.
Ar. Montreal, 7.00 a.m. daily except Sunday

Eastbound.

Lv. Toronto, 9.30 p.m. daily except Saturday.
Ar. Montreal, 7.00 a.m. daily except Sunday.

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Yonge St. Station is in the heart of the residential section of Toronto, and, as the Yonge Street cars pass its doors, it is very conveniently situated also for the down town business section.