

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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One Year	Six Months	Three Months	Single Copy
\$3.00	\$1.75	\$1.00	10 Cents

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

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## FOREIGN TRADE AND BANKING TENDENCIES

The August return shows that the foreign trade of the Dominion is still on the downward trend—exports for the month being \$90,000,000 as against \$146,000,000 in August, 1917; and imports being \$79,000,000, as against \$91,000,000 last year. The falling off in total trade is, therefore, about \$69,000,000. Taking the five months of the fiscal year to August 31st, the total trade this year is \$864,000,000, as against \$1,128,000,000 in 1917; the decrease being \$264,000,000, or nearly 24 per cent. The principal decreases are in the exports—agricultural products showing a decrease for the five months of \$122,000,000, or 50 per cent.; and manufactures a loss of \$92,000,000, or about 30 per cent. A comparatively light yield of wheat in Western Canada last year is partly responsible for the decrease in agricultural exports. Also, it is said that scarcity of shipping facilities has impeded the export movement. Gradual decline of the munition industry accounts for decrease of manufactured exports, the falling off in orders from Great Britain as yet being only in part offset by new contracts from the United States. The low estimates now being made of the 1918 wheat crop of Western Canada, point to further contraction of our agricultural exports; but if the bulk of the crop is rushed out before January, this factor of a small Western crop may not affect the trade returns importantly until the turn of the year.

Normally, when the foreign trade contracts sharply, the bank returns show contraction of liabilities and assets; railway earnings decline, and in other directions also contraction is in evidence. But on the present occasion the footings of the bank returns still show an upward tendency, and railway gross earnings show increases. As regards the latter phenomenon, it is pretty well understood that it is due to the increased freight

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rates. The March increase added 15 per cent. to the tariff of railway rates, and the August increase another 20 per cent., the general effect being to make the rates approximately 38 per cent. higher than those prevailing prior to March. But for these increases the gross earnings of the railways would have latterly shown consistent decreases, as the volume of freight at present moving is less than a year ago.

The expansion of the banking figures is largely due to the heavy borrowing by government. The large monthly credits on short date notes which the banks beginning in July have been granting to the minister of finance, exert a strong influence in the direction of expansion, as do also the credits granted to the Imperial Munitions Board on British treasury bills. As for the new war loan flotation, it will work in both ways. Probably it will produce banking expansion to a certain extent through the loans granted by banks to brokers and other subscribers to enable them to take up their allotments; and, on the other hand, a part of the savings and other deposits, transferred to the minister's account in connection with the Victory Loan payments, will subsequently be applied to pay off the government's temporary loans made in anticipation of the Victory flotation.

## FUTURE OF CANADIAN IMMIGRATION

In our forecasts of Canadian conditions after the war it is almost invariably assumed that there will be a large immigration to Canada. This assumption, however, is open to question. It is expected that the immigrants would come from the British Isles, Europe and Asia, and to a lesser extent from the United States. The other British colonies, South America and the United States will be our principal competitors in the field. With the burden of an enormous war debt resting upon the shoulders of the principal European countries it may well