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Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

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making these proposals Mr. Davison emphasized the importance to the United States of Europe as a customer if the present rate of production and earnings in the United States is to be maintained. While the problem of keeping up production and earnings in Canada may not be so serious as in the United States, it undoubtedly exists, as the idle factories which up to six months ago were busy with munitions, testify. However, it is clear enough from these and other indications, that the United States will be a strong competitor in the world's markets in the future, and that, while in Great Britain there may be a sentimental preference for Canadian products, that preference is not likely to extend to the point of paying a higher price for them than would be accepted for similar goods by other parties, nor will orders be given unless they are sought for and the terms are right. In the solution of the problems arising out of these points, lies a good deal of the future prosperity not merely of Canadian industry, but in particular of Canadian labour.

While the ordinary consumer buying a retail store the signs of a decline in prices are not yet numerous, there are indications that in some lines at least the peak has been reached or passed, and a downward movement, downward, if very gradually downward, begun. Price lists of textile goods which the manufacturers are now selling, are reported as showing a shading from previous lists in a number of lines, though necessary the lists are still very high. It is likely, however, to be some time yet before the general public gets the advantage of these shadings as what is now being sold by the manufacturers will not be on hand in the retailers until next spring. The long period of time elapsing between sale by the manufacturers and sale by the retailer to the public partly accounts for the fact that in many lines of ordinary consumption, particularly clothing lines, the public is now paying higher prices than while the war was actually in progress. This is due to the simple fact that it is only now that goods manufactured when raw materials were reaching their top prices are coming into the hands of the retailer. All this year as old stocks are sold out

and replaced at the maximum wholesale prices, this tendency will be in evidence. So far as imported goods are concerned, considerable difficulty is still being experienced in the matter of deliveries. In English woollens, for instance, there is still a great scarcity, and Canadian business men who have been lately touring the English woollen districts, report that it is likely to be 1920 before the manufacturers get really busy with export trade. Then, however, they say, prices will be lower, which will be comforting news to the ordinary individual to whom the buying of a new suit has in the last year or two, become a financial operation of the first magnitude.

While the recent brisk demand for the Victory Bonds which has put these issues to new high levels within the past few days, may be in fact, as is alleged, due in part to the Income Tax proposals for the new Budget, the movement is probably mainly the result of the brisk investment demand for good-class bonds which continues to be reported by bond-dealers. The several large industrial bond issues which have been lately made have been readily absorbed, and a number of others are under way, indicating that some businessmen at least are taking no heed of the bogey set up by some amateur doctrinaire critics that the recent proposals of the Minister of Finance were a hindrance to enterprise through their alleged temporary character. The amount of Canadian capital which is now going into the development of the pulp and paper industry is particularly noteworthy. While this industry has a great and assured future and will mean much in the development of Canadian export trade in the next decade, it seems that short-sighted views are being taken in regard to it in some quarters. It might be supposed that an industry which brings in a couple of millions a year to the Quebec Government, besides assuring extensive employment all over the province, would be worth an effort to propitiate. So far as we are aware, however, at present practically nothing is being done by way of re-afforestation of the Crown lands cut over, and the efforts of various pulp and paper companies at replanting are apparently quite out of proportion to the cutting now taking place. This matter is one which might very well be brought to the attention of the Provincial Government by those interested.

TRAFFIC RETURNS

Canadian Pacific Railway				
Year to date	1917	1918	1919	Increase
May 31.....	\$6,569,000	\$8,185,000	\$61,827,000	\$3,642,000
Week ending				
June 7.....	2,927,000	2,846,000	2,957,000	111,000
" 14.....	3,165,000	2,914,000	3,062,000	148,000
Grand Trunk Railway				
Year to date	1917	1918	1919	Increase
May 31.....	\$24,274,445	\$17,909,748	\$23,633,447	\$5,723,699
Week ending				
June 7.....	1,333,194	1,012,481	1,119,297	106,816
Canadian National Railways				
Year to date	1917	1918	1919	Increase
June 7.....	\$28,596,386	\$33,999,727	\$5,403,361