Effect of Exchange on U.S. Export Trade

On Verge of Losing Commercial Advantage Gained Through European War.

(From the New York Commercial.)

We cannot expect great improvements in foreign trade until the rates of exchange right themselves. Just how long it will take to accomplish this, or when we may expect relief, is a matter of conjecture. The commercial world has no precedent for the situation before it. Every civilized nation is suffering from the depressed and fluctuating currency market.

In countries where exchange is relatively normal, the question assumes an equally acuate phase. In Great Britain, for example, workmen are paid substantially five times the amount per hour that the same class of employe is paid in Germany, about double the wage paid in France and Belgium and three times the salaries paid Italian craftsmen. America is in a still more difficult position, for her mechanics are receiving virtually double the hour rate wage paid in Great Britain, taking into consideration, of course, the rate of exchange.

Recent investigations disclose that the Belgian, Franch and German workers are producing as much per hour as the Britisher or the American. The result must be obvious to even the most obtuse. If the exchange situation is not speedily improved German factories will have no difficulty in underselling the factories of other nations, despite tariff walls and other trade obstacles.

The abnormal rise in the value of the United States dollar, as far as Latin American republics are concerned, has had a decided tendency to sharply restrict purchases in this country; on the other hand, transactions based on the pound sterling are equally handicapped by its fall and further depreciation. New high records are being established daily for the American dollar in most of the countries south of the Rio Grande, and no abatement is in sight. Meanwhile, Latin American custom houses are being swamped with accumulated American merchandise whose withdrawal is being refused by merchants because of flighty exchange rates.

The situation is grave. Something must be done immediately, for our foreign trade has reached a precarious period, and we are on the verge of losing the commercial advantage gained in overseas markets through the European war.

To save the day exchange must be stabilized.

CANADIAN PACIFIC RAILWAY.

Week-End Service Montreal—Toronto.

Canadian Pacific Railway now operate two night trains, each way, between Montreal and Toronto, daily, including Saturday. On Saturday, second train leaves Montreal, Windsor St. Station 11.45 p.m., arriving Toronto, Yonge St., 9.15 a.m. Sunday morning.

From Toronto, Union Station, 11.59 p.m. Saturday, arriving Montreal, Windsor St. Station, 9.10 a.m. Sunday.

NEW MATERIAL FOR MACHINING STEEL.

A Sheffield steel firm has bought the British patent rights of an American material called ''Co-operite,'' which, although intended to be used in the engineering trade for the machining of steel, has no steel or iron in its own composition. Its basic ingredient is nickel, and it contains a substantial proportion of zirconium, which has not hitherto been applied to machine tool manufacture. Tests recently carried out have shown that ''Co-operite'' will remove the same weight of material per minute from a steel bar as the best high-speed steel with a durability several times as great. Whereas the high-speed steel tool used in the tests was ''done up'' after 2 minutes, 45 seconds, one piece of ''Co-operite'' was slightly worn, but still cutting, after 14 minutes, 39 seconds, and another piece, rather harder, was ''done up'' after 9 minutes, 6 seconds.

CANADIAN EXPORTS HARD HIT

EXCHANGE AND LACK OF CREDIT THE CAUSE.

Many steamers are leaving Canadian ports with light cargoes, it is stated by Montreal shipping concerns, the reason being that the exchange situation and the lack of credits in London, England, of other Dominions has almost killed Canada's export business.

It is stated by H. Milburne, assistant manager of the Canadian Government Mercantile Marine, in Montreal, that while cargoes are certainly bad, and trade is very poor, all their sailings are being caried out, and they do not anticipate cutting any. They had special resources for obtaining cargoes. "We are all optimists here," said Mr. Millburne, "and believe it will not be long before conditions right themselves."

Exports to Australia and New Zealand have been hit by the impossibility of Canadian manufacturers' discounting their bills of exchange, stated an official of the New Zealand Shipping Company. He considered the banks should take practical action to remedy the state of affairs, by better financing for manufacturers and exporters. It was impossible to do business when the only way to get paid was to wait for months while the value of the goods was being collected by a bank.

There was no question as to the financial standing of Australian customers, but he understood the Australian embargo on gold exports still held, so that an Australian merchant could only make payments by his own exports and up to the present they had exhausted their credit by making much heavier imports than exports. " But we feel that, while things will be very difficult in a few months they will right themselves. We are not carrying such heavy cargoes as usual, but November and December have not been bad months for us, while we have been surprised to find so much coming along for January, which we had expected might be poor."

The suggestion was made by a Montreal transportation man that one possible reason for the difficulty in export trade is the very heavy freights. These, he said, will have to come much lower before any big business can be hoped for.

It was stated by a shipping man that merchants have approached the Bankers' Association, with a view to making arrangements for financing Canadian export business, as is being talked of in the United States, but that nothing tangible had yet been put in force.

THE DOWNWARD TREND IN PRICES.

During the month of November the prices movement continued downward, according to the statement compiled for publication in the Labor Gazette. In retail prices the average cost of a list of staple goods in sixty Canadian cities was $15.32 at the middle of November, as compared with $15.83 at the middle of October, $14.23 for November, 1919, and $7.96 in November, 1914. The Labor Department index number of wholesale prices was down to 304.2 for November, as compared with 317.6 for October, 307.7 for November, 1919, and 137.5 for November 1914.

In wholesale prices the chief decreases were in grains, animals and meats, miscellaneous foods, textiles, metals, coke, paints, oil and glass, chemicals and raw furs. There were slight increases in prices of dairy products, and fresh vegetables.

In retail prices the chief decrease for the month was in sugar, but there were slight decreases in the other items. Potatoes and eggs were somewhat higher in price. There were some increases in the price of fuel and in rents.

Luxury Taxes Are Strongly Opposed

Chambre de Commerce Agrees with Retailers that Collection Should be made by Importer or Manufacturer.

A definite stand against the continuation of the present luxury taxes which the law obliges retailers to impose upon their customers, was taken by the Chambre de Commerce de Montreal at their meeting last week. The Chambre was represented at the conference which was held on Friday at the Montreal Branch of the Canadian Manufacturers' Association to the extent of this resolution.

The Chambre fell in with the view of the retail men that the tax now collected directly from the consumer should be absorbed at the source, which is the importer or the manufacturer. The belief was shared, and expressed in the resolution, that one of the purposes for which the luxury taxes had been imposed had been accomplished, that of educating the people to the fact that there is a National war debt to be paid.

M. Lapointe, secretary of the Montreal Branch of the Canadian Retail Merchants' Association, addressed the Chambre in the matter and stated that the information obtained showed that this direct tax had hurt business very much all through Canada, and that it would be much better to have it imposed at the source. At first the manufacturers had opposed such a change, but today the opposition has lessened, and in some case approved, and it is intended that there shall be a joint appeal to the Minister of Finance shortly asking for the change. Mr. Lapointe said that another feature of the tax as now borne is that while the honest retailer collected it, the medium being revenue stamps, others failed to do so. By collecting at the source the Government, would, consequently, secure much more revenue, at least 25 or 35 per cent more, if not 50 per cent additional, and the aim was in the main to get revenue. In addition, the Government would not be obliged to employ a legion of detectives and accountants to check up the retailers.

CONVENIENCE PLUS EXTRA SERVICE.

Canadian Pacific Railway now have in operation night passenger train service between Montreal and Quebec, from and to Windsor Stn., as well as Place Viger Station. Previously the service has been confined solely to Place Viger Station. Train consisting of coach and standard sleepers leaves Windsor Station at 11.20 p.m., arriving Quebec 6.30 a.m. Returning leaves Quebec at 11.45 p.m., arriving Windsor Station 7.05 a.m.

This service is daily, and sleepers are ready for occupancy at both stations, about 9.30 p.m. Train stops at Westmount and Montreal West.

These trains carry most modern equipment, including electric lighted sleeping cars.