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THE GENERAL FINANCIAL SITUATION

By all accounts, the Victory Loan is going as well as those primarily responsible for its success could have either hoped or anticipated. The success which the flotation is meeting is not merely pleasantly satisfactory, but it is the best possible guarantee of continued activity in Canadian business during the coming twelve months. The belief is expressed in some quarters, although it is difficult to say what real foundation there is for it, that the present loan is being subscribed in larger proportion by business firms and corporations than the former loans. It is quite possible, although until the final figures are made known, it cannot be said definitely, that small subscriptions to the present loan may not be so numerous as on preceding occasions. With the best will in the world, a good many folk find it hard to keep up with the prices of commodities and at the same time, set aside funds for a small investment. Be that as it may, and the point is not of particular importance, there is no doubt that so far as the business community is concerned, subscription to the Loan, is the most efficient means possible at the moment for ensuring continued business activity. The funds which are invested in this Loan will come back with interest as payment for commodities purchased, and transportation and other services afforded.

With the Loan an assured success, it can be said with confidence, that the outlook for Canadian trade in general is "set fair" for another twelve months. But if business activity is continued, and the purchasing power of the community as a whole maintained, it is also evident that prices of commodities are not likely to recede, except in so far as excess production forces them down. And of that excess production, in staple lines at least, there are as yet no signs.

There are, however, some interesting developments in trade under way. The revival in British exports for October, in spite of the handicap of the railway strike, suggests that in some at least of the British industrial centres, the critical period of transition from war-time to peace-time produc-

tion is in process of completion, and that an increased output is being secured. British exports in October amounted to £738,250,000, an increase of £79,000,000 in comparison with October of 1918. Imports, on the other hand, increased only £36,000,000 in comparison with twelve months ago, of which increase about £20,000,000 is in raw materials. Discussing these figures with a prominent boot and shoe man this week, The Chronicle learned that while Canadian boots are being exported to Europe, British boots, men's, women's and children's, in all lines, are beginning to make their appearance, not only in Canada, but in the United States, modelled on the lasts in favour on this side of the Atlantic. The curious thing about this development is that it was heavy British buying of leather in the spring months, which has sent up the price of Canadian boots to the present level, that makes the head of a family gasp. It is calculated that this British clearance of the leather market a few months ago has, in fact, made a difference in the price of men's shoes of between two and three dollars a pair.

With regard to the recent strength of pulp and paper stocks on the local markets, it appears that one reason for the companies' existing prosperity is an unprecedented demand for newsprint. A good authority informed The Chronicle this week that many of the big United States dealers are now using 20 to 30 per cent. more newsprint than they were a year ago. This increase is attributed to enlarged advertising patronage, resulting in a considerable increase in the size of the daily newspaper. This enlargement in advertising, of course, merely a reflection of business aggressiveness in catering to the wants, or in many cases, the supposed wants of a public which has an unparalleled purchasing power, but the fact that the demands upon newspaper space have developed to such an extent is, we believe, not generally appreciated.

A correspondent asks us for an expression of opinion on the question of the future of interest rates, whether in the next two or three years they

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