

The Business and Financial Prospect

(Written for the Journal of Commerce by H. M. P. ECKARDT)

The addresses of our Canadian bankers at recent annual meetings have been necessarily conservative in tone, especially as regards their forecasts of the future. Probably there has never been a time in which the future contained so many uncertainties of vast import. Thus it behooves any person essaying to discuss the probable course of Canada's financial affairs during the current year, to proceed with exceeding caution. The first great uncertainty is connected with the duration and result of the war. We all know that Great Britain, France, Russia and Italy are making tremendous preparations for the spring campaign, most of us have the firm conviction that the Teutonic confederates will not be able to confront our Allies and ourselves with equal forces when the 1916 campaigns open. Another point to be considered is that Germany's steadily falling financial strength will likely make it more and more impossible for her to hold her Allies. These considerations point in the direction of our ultimate victory, and there seems to be reasonable grounds for expecting that in the course of the present year the military operations will develop in such manner as to make it clearly discernible to everybody, even to our enemies, what the end is to be.

Decisive success of this nature, clearly foreshadowing victory for the Entente Powers, would have a tendency to affect our financial situation in the same way, as if the war had definitely ended. Financiers and business men, here and elsewhere, would have the requisite confidence that our established institutions were not to be overthrown and that a dangerous menace to the peace of the world was in the way of being destroyed. As perhaps the majority of our people are of the opinion that the war will develop as above suggested, it will be interesting to discuss our outlook on this hypothesis. Agriculture being our greatest industry, it is in the first to deal with its prospects. Of course, it

is impossible at this early date—four months ahead of the spring seeding season—to hazard anything in the way of a guess as to this year's output or even as to areas seeded. It is sufficient to say, however, that the farmers as a class, are in most satisfactory condition. Long years of economy and hard work have put the farming districts in the east in a practically unshakable position; and the great harvest in the west, following two years of severe liquidation and curtailment of liabilities, has enabled the western farmers to get firmly on their feet. We may safely presume that in the east as well as in the west the farmers will make all possible efforts to ensure a large production. It is said that bad weather last fall interfered with the preparatory operations for the next year's seeding; and it is possible that this circumstance may stand in the way of another great increase of acreage under cultivation out there. Another point is that developments of the war later this year may cause serious readjustments in prices of the agricultural products which we have to sell, but on the whole we, at present, can look forward to the 1916 results in agriculture with equanimity and hopefulness, believing that under certain circumstances the results may again be exceedingly prosperous.

Many of our other industries hinge or depend upon agriculture, and a satisfactory condition at the base of our industrial system will react favorably in various directions. It is apparent that the special demands arising out of the war have tended to stimulate the activity of the Canadian mines. This applies to copper, iron, coal, lead, gold, silver and other minerals. The lumber industry is reported to be recovering to some extent from the depression in which it has been. Textile industries are busy, as are also the iron and steel plants. War orders figure as the special cause of much of the activity, and most people are therefore more or less prepared for reaction following conclusion of the war.

So far as the great transportation industry is concerned it would seem that the work of carrying out or distributing the heavy crops of 1915 would keep it fairly well employed until mid-summer at least. Then with reasonably good crops this year, prosperity would be assured for a further term.

With reference to the financial outlook it is very difficult to arrive at definite conclusions. The stock market continues to be an enigma. It is quite probable that there may be from time to time active buying of the special securities showing abnormal profits; but on the other hand, among the large investors, most of whom are conservative in disposition, there will be a tendency to utilize bull movements in stocks as a means of liquidating for the purpose of putting proceeds in good bonds maturing within five or six years. With reference to activity at Wall Street, there are several factors at work there calculated to produce inflation, and it is quite likely that Canadians will be sellers rather than buyers of standard American stocks for a while to come.

Coming to the matter of our home money market it has been a surprise to many people that interest rates have been so reasonable and money so easy, comparatively speaking. This may be a result of trade depression, which always releases capital, and of large special credit operations, here and in New York, incidental to the war. Prudent borrowers will not, however, be deceived by the ease with which money can be borrowed on first class securities. The great uncertainty of the financial future will prevent the wise from borrowing extensively for speculative purposes; and those who do not wish to be caught by sudden unfavorable developments will endeavor to keep their liabilities at the minimum.

The position of the banks is likely to depend much on the extent to which the Dominion Government and other large borrowers finance at home. If we are able to continue disposing in New York of a large part of such new securities as are required to be issued the banks should be comfortable, and they will be able to finance the home trade and industry without too great effort. The foreign loans, along with heavy exports of our produce, should keep the exchanges with the United States balanced and if that purpose is effected it will be an important point in our favor.

Farmer's Outlook

(Written for the Journal of Commerce)

The essence of every communication on agriculture a year ago was production. It made no difference whether it was a professional agriculturist, an editor, a bank president or a minister of finance, all uttered the same message. Naturally the Minister of Agriculture was the strongest possible supporter of a campaign for bigger crops in 1915. He took a greater interest in this campaign than the Canadian manufacturer, who, seeing his foreign market shut off, recognized that the possibility of the wheels of his factory continuing to turn lay largely with the farmer who could produce real wealth by turning the latent wealth of the soil into wheat and beef and other farm produce, the liquid gold, so necessary to fabricate the machinery of the whole country.

The farmer produced and to-day the returns from the farm of Canada constitute a record for the Dominion. But farmers produced elsewhere too. Even in the war zone, thanks to the redoubled efforts of the farmers left on the land, and the assistance rendered by women in particular, and by men who did not ordinarily work at the job, crops have been fully up to average. In the United States, there has been a big surplus. The result is that, while prices, which a few years ago would have been considered high, prevail, yet, with the exception of potatoes and apples, and cheese, and wool, prices are not any higher, and, so far as the major crops are concerned, are lower than they were a year ago.

To-day there are echoes of the production campaign but they sound faint in comparison with the calls of last year. Here and there 'tis true a strong note is being sounded that we are enjoying a false prosperity and should even now be laying the foundations for a more permanent prosperity that will continue when the war is over. For the time being, the trade in munitions of war is keeping our machinery going, and resting perhaps too confidently in temporary prosperity we are not so worked up over the need of producing real wealth. Moreover, some may feel a bit sensitive in appealing to the farmer

again lest the farmer may utter more loudly what he has already been uttering quietly that he has produced, but the result has not been what he hoped for; no shortage has occurred, and in many cases his surplus production has brought little return since prices, especially for wheat, oats and other cereals are much below those which prevailed a year ago. His extra production is no doubt a big asset to Canada, but it looks to him as if smaller production with bigger prices would have resulted in as successful a year so far as he is concerned, and it would have been accomplished with much less expenditure of the sweat of his brow.

One wonders if the commercial men of Canada are giving the farmer the credit he deserves. Let us suppose that 1915 had been a poor year for agriculture and that the entente powers were consequently in danger of a food shortage. Then every one would have heralded the achievements of the farmer of Canada who, by his extra effort, had helped to make up for the failure of the season. Everyone would have praised the Honorable the Minister of Agriculture for his "patriotism and production" campaign, and the call for 1916 production would have been louder than ever. However, 1915 was one of nature's beneficent years in which there would have been a sufficient food supply even without the expenditure of any extraordinary effort.

No one at this date knows what the season of 1916 will be. It may be another productive year. It may be a lean year. Granting the uncertainty, does it not seem a matter of paramount importance that every measure should be taken to avert the slightest possibility of a shortage of food supply even should the leanest possible conditions prevail. And do not forget that the farmer of 1916 promises to be confronted with difficulties which will require all his efforts, and perhaps that of others, who are dependent upon him, to solve.

The labor problem on the farm, as a result of enlistment, will be, both in the East and in the West, an acute one. Financial difficulties, especially in

ly solved by this year's and other important crop prices, which are an absolute record. The West, have advanced 20 per cent but despite all of these difficulties the farmer, if he can feel reasonably certain of his market, will do his share. Nevertheless he needs the assistance of the financial men, the bankers of the country. He needs the aid of those who are in a position to direct the marketing of surplus products of the farm. And he will respond to the recognition which he deserves from leaders in every line of business in Canada who must recognize that the only enduring basis of prosperity in this country is the production of real and permanent wealth.

Personally we felt that the big contribution which 1914 and 1915 made to agriculture was the unprecedented recognition which men in all lines of life of Canada were giving to the importance of the farmer's achievements. Just now, we fear that the glamor of the artificial trade in munitions has tended to direct the eyes of the country away from the most important man in the community, the producer of real wealth. In this we may be mistaken. But be that as it may, our New Year's message to the farmers of Canada is "Greater production than ever in 1916," and in presenting this message we urge every citizen of Canada, whether directly engaged in agriculture or not, to give his sympathetic support to those measures which our governments, both Provincial and Federal, as well as other big bodies of men, are making to promote the fundamental industry of Canada—agriculture.

M. C. E.

KITCHENER'S JOKE.

Lord Kitchener is a man not much given to humor, but he is rather fond of telling this story of a dinner which he gave to the Duke of Cambridge, when the latter was visiting Egypt. The function went off splendidly, but there was a slight delay in the middle of the meal. The next day Lord Kitchener complimented his native staff on their success, but asked what had caused the delay. "Cook, he die of cholera. Push him under table. Go on."

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