

SURVEY OF THE WEEK

Lake of the Woods Makes 23 p. c. on Common.

The annual statement of the Lake of the Woods Milling Company, Limited, was made public during the week, and in view of the fact that it was the first of the Montreal milling concerns, its contents were reviewed with considerable interest inasmuch as it was judged to afford a criterion of what may be expected in the financial statements of the milling companies that are to follow. The fact that profits from milling operations were less than in the previous year, did not occasion much surprise. The restrictions that had been placed on the industry, and which were removed only at the end of the period with which the Lake of the Woods' statement deals, would seem to be responsible in some measure for the lower earnings this year, but the loss on milling profits is made up in part by an increase in "revenue from other sources," which shows a gain from \$209,463 in 1919 to \$321,711 in 1920. The milling profits, however, show a decrease of no less than \$136,631, which brings out the total profits at \$24,384 less than last year. During the year there was an increase in the common stock capitalization, and allowing for that increase, and after the payment of bond interest and dividend disbursements to preferred shareholders, the balance is equivalent to slightly more than 23 per cent on the common stock shares which compares with 28.5 per cent last year, and 33.3 per cent in 1918.

Depression In British Textiles.

The condition of the textile industry in England at the moment is not encouraging for a speedy return to the prosperous times that brought this industry into prominence only a few months ago. In practically all branches orders are scarce. With wages high and stocks of raw material on hand, the slump in the cost of raw material will have no immediate effect either on trade or prices. Huge weights of wool are being offered in Britain, and as prices decline it is possible that countries on the Continent may be able to take up more. From what might be termed the heights of prosperity, the textile industries in Britain, in the space of a few months, have fallen into a state of general stagnation. Organized short time is in effect and altogether the prospect for the winter, both for the manufacturers and the workers, is anything but bright.

Cotton Situation Is Puzzling.

In the cotton trade the depression is unusually puzzling. Everyone has been under the impression that the world was practically denuded of cotton goods during the war years, and that the demand would enormously exceed the supply for some considerable time, even though prices remained high. The world does not seem to be in such a great need of cottons as was generally thought. At least the orders anticipated have not materialized. In Britain, relatively to other commodities, cotton textiles have risen very high—too high for business in large volume, and so high that Germany has already been able to invade England with lower-priced goods. In England, at a moderate estimate, it now requires quite four times as much money to finance a given volume of business as it did before the war, and that together with the limitation placed on advances by the banks, making it too expensive to hold large stocks, and the seemingly interminable labor troubles, puts the British cotton manufacturers in no enviable position.

Bank Stocks Declining.

The Toronto Globe has been making a comparison between the price of bank stocks as at 31st December last, and the price now prevailing. The table shows a decline in stocks in the case of every one of Canada's chartered banks, giving on the average an increased yield of one per cent. The reason given for the neglect into which bank stocks have been falling, is that there has been a tendency lately on the part of the public to seek investments or speculative securities that promise a bigger yield than do bank stocks.

Wake Up Britain!

The Hon. Gideon Murray, M.P., in a London newspaper article severely criticises Britain for failing to grasp the opportunities for the promotion of Empire trade. He writes:—"Our overseas Dominions are sending demands for far more than their normal pre-war supplies, and we are not meeting their requirements. They feel that they are being forced into the open arms of America and Japan. They are very emphatic in their view that they wish to buy from Great Britain anything they cannot produce themselves. In this respect, the case of Canada is particularly interesting. Canada is unwaveringly loyal to the motherland, but she is being placed in a position which will severely test her staunchness. America has envious eyes on her trade, and she is getting it; of that there can be no doubt. There are now some 500 branch houses of American firms in Canada, and it is alleged that another hundred at least are carrying on negotiations. Canada is frankly perturbed lest she should have to become dependent on the United States of America."

Future of Iron and Steel.

Although appearing late in the industrial world as a producer of iron and steel, the sure and steady progress that has been made by Canada during the past few years is a happy augury for her complete success in that direction says the London Chamber of Commerce Journal. Prior to the war the Dominion had been one of the United States' best customers, purchasing more steel rails, steel bars and rods, steel sheets and plates, and tinplates than did any country, and in some cases taking over half the exports. Since 1914, however, Canada's importance as a customer of the United States has relatively decreased, and as she possesses a substantial part of the world's iron deposits, which only need further exploitation and application, the future of the iron and steel industry in Canada seems assured, especially as deposits in some of the other countries are nearing exhaustion. With continued production, the Dominion will not only be able to satisfy her own demands for iron and steel, but there should be a surplus available for export.

Railway Rates Appeal.

In its decision on the appeal from the judgment of the Railway Commission in the railway rates case, the Government, while refusing to interfere by disallowing or suspending the new schedule makes a few recommendations which the Railway Commissioners are asked to consider. For instance the Government suggests that what are "fair and reasonable rates" should be determined without taking into account the requirements of the Canadian National system. In regard to western rates, the Government concludes that the question is one which requires an expert investigation "such as could be best conducted by the Railway Board," but the Cabinet "is strongly impressed with the very great desirability of bringing about with the least possible delay, equalization of eastern and western rates." With this end in view the Government suggests an enquiry to establish to the utmost extent possible, the requirement of equalization.

Our Forest Resources.

The question as to whether Canada's forest resources should be thrown open without restriction to the paper manufacturers of other countries as has been proposed, again came into prominence at the third annual convention of the Canadian Paper Trade Association which was held in Toronto last Thursday. Referring to the acute situation in the United States, Mr. Edward Beck of Montreal, contended that the plight in which manufacturers across the border found themselves today, was due to the prodigal and unwise use of their own forest resources, and he prophesied that if the Province of Ontario pursued its present course, the supply would be used up within the next fifty or seventy years. Mr. Beck's remedy would be the adoption by each of the Provincial Governments, of laws that would ensure adequate means of reforestation, and so urgent was the need, he thought, that such legislation should have immediate attention.

Saskatchewan Continues Local Loan Policy.

Commencing on the 26th of this month, the Hon. C. A. Dunning, treasurer of the Province of Saskatchewan, will run a campaign for six weeks for the sale locally of \$3,500,000 worth of Saskatchewan farm loan debentures. This policy of local subscription loans was inaugurated in the western provinces during the war years and was instigated by the necessity of the times. The continuance of that policy will be watched with much interest. The rate of interest on the debentures will be five per cent and they will be redeemable at any time on giving three months' notice. The publicity end of the campaign will be handled by the executive of the Saskatchewan Press Association, while municipal officials throughout the Province will have charge of organization work and arrange for canvassing committees after the style of the Victory Loan Campaign.

Bonds.

Improvement is noticeable in the bond market in the United States. The Seattle Syndicate which recently purchased a one million dollar issue of British Columbia Government bonds at \$100.73, has expressed its desire to purchase other two millions worth at the same figure. The \$25,000,000 twenty-year 7 per cent sinking fund gold debenture bonds of the Grand Trunk Railway, offered in New York, were sold in a few hours last Wednesday. The bonds were offered at \$100 and interest. Hon. Peter Smith, treasurer of the province of Ontario, has received tenders for a bond issue of \$3,000,000 for three years and bearing six per cent, and under the highest tender received the province would secure its money on a basis of 5.70 per cent Canadian funds, or 7.85 per cent in the United States, where the bonds will be sold.

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