

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXV. No. 1

MONTREAL, JANUARY 1, 1915.

Single Copy 10c
Annual Subscription, \$5.00

1915.

If 1914 has been a year of trial, passing in severity anything that had been looked for, what shall be said in anticipation of 1915 as Canada stands on its threshold? Is it to be another year of stress and strain, or will the year, before it passes away, have given us relief from actual hostilities and enabled a start to be made on new activities of rebuilding industries and restoring trade. In any case the New Year cannot be entered upon in Canada in the spirit of light-hearted confidence that was possible in some recent years; but this light-hearted confidence need not be supplanted by its opposite of a week-kneed pessimism. Rather is it to be anticipated that 1915 will be begun, as there is good reason for beginning it, in a spirit of sober hope and sturdy courage.

* * * *

Hope and courage are justified by the position in which Canada finds itself at this turn of the years. The contemplation in retrospective of the wild financing, the general speculation, the extravagance of expenditure and the wastefulness that was rampant two and three years ago, suggests wonder that under the heavy blows which the world's financial structure has since suffered, Canada has escaped so comparatively lightly. That Canada has so escaped is proof positive that underneath the flagrant and ostentatious growths above mentioned were sound foundations. It is even now hardly appreciated by many people what a sound and conservatively managed banking system has meant to Canada during the last two years. They have taken its record for granted, oblivious of the dormant possibilities of financial anarchy that would have been stirred into activity had those in charge of the Dominion's credit structure allowed themselves at any time to be guided by other considerations than those of safety and of prudence.

* * * *

It is probable enough that 1915 will become in Canada a year of prudence—of prudence in private as in public expenditures, of prudence in business developments. It is already evident that thrift, the

foundation stone and the keystone alike of the prosperity of any nation is being widely practised. A good deal of its practise is probably enough because of *force majeure*, but there is reason to hope that the lesson which in many cases has been so bitterly learned that the humdrum practice of saving is necessary to personal well-being will stick for the future, to the general advantage of the Dominion as a whole. "Get rich quick" methods of business have gone for the time being, and as a result there has developed the possibility of more extensive financing of our own requirements in the future. Canada is bound to be a borrowing country for a century to come, but it is evident that our needs could be supplied by our own savings to a considerably greater extent than at present were there a national mind to it. An average yearly saving of only \$100 by a quarter of our population of say seven millions—surely not an impossible achievement—would mean new funds available annually of \$17,500,000—a sum not to be despised in its effect upon production and development. "Frugality," someone once said, "is the mother of magnificence." In recent years we have been trying to be magnificent without being frugal, and the experiment has been a failure.

* * * *

The fact that the basic industry of the Dominion, agriculture, is at present prosperous and is reasonably assured of prosperity in the next two or three years is of outstanding importance. The increased production and high prices combined with comparative frugality where unproductive expenditures on luxuries are concerned will go far to help close the gap between our imports and exports. There is ground for confidence also that in due time money from abroad will begin to flow to us again with a fair amount of freedom. Altogether a survey of the whole situation in Canada as it is at the turn of the year does give cause for sober confidence in the future. The foundations are solid; unproductive and wasteful expenditure has been largely stopped, and increased production and greater efficiency in production are being steadily developed.