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THE GENERAL FINANCIAL SITUATION.

The labour developments of the last few days throughout Canada are undoubtedly of a character to afford the business community serious food for thought. Fortunately, there is as yet little indication that the frankly revolutionary tone which the movement has assumed in Winnipeg is sympathized with to any important extent in the eastern industrial centres. The radical movement in Winnipeg is doubtless largely the work of an undeniable foreign element, which foolishly, in the years gone by, Canadians have welcomed to the Dominion. Nevertheless, the fact remains that while there is no imminent threat, at the time of writing, of a repetition of Winnipeg conditions in other centres, there is undoubtedly from coast to coast, a vast amount of labour unrest, as is evidenced by the numerous, if not large strikes, reported from almost every centre. By all accounts, the Winnipeg authorities in the early stages of the affair showed a considerable deficiency of back-bone. This is a great pity, since while no business man, who is not blinded by selfishness, is averse to discussion of charges in relation with labour which new circumstances may render desirable it needs to be made quite clear to the sort of people who are apparently at the back of the Winnipeg affair, that Canadians are in no frame of mind to tolerate a so-called "Labour" tyranny, and that the community as a whole is not going to be dictated to by any particular section of folk—"Labour" folk or otherwise.

It would be necessary to go back some years to find a period when public interest in the Stock Exchanges has been so widespread as at the present time. While to some extent sentiment on the local exchanges is undoubtedly a reflection of the fireworks display which has been proceeding on Wall Street for some weeks past, the present "boom"—anticipating, as Stock Exchange movements constantly do, the actual development of events—is undoubtedly based on a belief that the present period of unsettlement and slackness in a number of lines of business, will be followed by a period of intense activity once the peace negotiations have been got out of the way, and further steps have been taken to bring business conditions down towards normal. In other words, the Stock Exchanges are at present discounting the effects of peace. That

the present activity is largely justified by the known future prospects of trade in raw materials, in various lines of manufactured goods, and in large works to be undertaken, is certain; and if late comers in the markets get one or two nasty jars as a result of labour troubles or other untoward developments, well, it is all a part of the game that old-stagers will have expected and provided against.

In connection with the present strength of the Stock Market, and particularly of investment securities, it is to be remembered that government disbursements of interest now constitute an important factor. It is estimated that on the 1st of May some \$18,000,000 was distributed to holders of 1918 Victory Bonds, and on the 1st of June at least another \$15,000,000 will be distributed in half-yearly interest on the 1917 Loan. These distributions, it is not necessary to point out, are entirely new compared with the periodical distributions of interest made in Canada before the war, since up to 1915 the amount of Canadian Government securities held in the Dominion was a negligible quantity. While a large portion of these distributions is in very small amounts, which are merely added to present money, there is no doubt that a considerable proportion of this interest is at once available for re-investment, and is so used. These re-investments should constitute a substantial influence in maintaining the present strength of the Canadian bond market, although with the prospect of a new and substantial Government loan in September, it seems scarcely likely that prices will, in the intervening period, advance substantially beyond their existing level.

In view of the present railway situation in Canada, it may be of interest to note what is taking place in development of railway policy in both the United States and Great Britain. In the United States, President Wilson, in his message to Congress this week, has recommended the return of the railways to their owners at the end of the calendar year, and there appears to be a general opinion that the new Congress will begin at once to formulate legislation under which the railroads can be operated more successfully than ever before. The belief is held that Government operation has proved a failure—a belief backed up by the fact that the Government has operated the roads at a loss of many hundreds of millions of

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