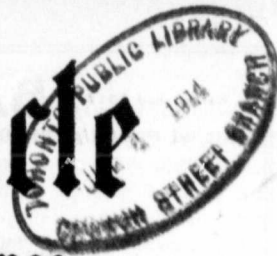


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THE SECOND HALF YEAR.

In the Canadian calendar it is the second half of the year which usually contains the most significant financial and commercial developments. The annual harvest and the moving of the crops are, respectively, the most important event and the most difficult problem with which those associated with the Dominion's finance and commerce are under normal circumstances concerned. Anticipations regarding these matters are unusually keen this year owing to the present circumstances of the Dominion, and it is not perhaps without a little touch of anxiety that those most closely and responsibly concerned with Canadian finance are looking forward over the next six months.

Fortunately there is every indication at the present time that the Western crops this year will be of a bountiful character. So far their growth appears to have proceeded under very favourable conditions, and while there is yet time for a scare or two, there is good reason for the hope that in due course we shall gather in a large harvest. It is not easy to over-estimate the importance of such a harvest at the present juncture in Canadian finance. With bountiful crops the farmers will be able to repay their debts, the railways will be given a very heavy traffic, well paid labour of all kinds will be provided employment, and generally there will be such a putting into circulation of new funds received for the crops as will in all probability result in a perceptible easing of the present monetary situation and mean a considerable step forward towards a return of activity in the West.

While poor crops would undoubtedly be a serious matter this year, yet it is with a good heart that Canadians can face the problems of the coming six months. In addition to the fact that the crops have so far developed under favourable circumstances, other conditions make for hopefulness. The Canadian banks, the guardians and administrators of the country's credit, are in excellent shape for dealing with any situation that can possibly arise during the coming half year. Within

recent months they have successfully strengthened their reserves to a very considerable extent, so that at the present time those reserves are in fact considerably higher than the average, and this process of strengthening will probably go on until such time as the actual commencement of the harvest begins to make calls on the banks. This year probably the banks will not be under such great strain for the financing of the harvest as they were a year ago. In 1913 special loans to manufacturers and municipalities, underwriters and merchants, and the comparative inability of the London market to relieve that load with purchases of bonds and debentures, gave the banks a less proportionate amount of free money than probably they will have this year, when requirements of commercial men have fallen off owing to declining trade, and the banks have restricted for several months such borrowers as the municipalities and other public authorities.

That there should be a certain amount of tense feeling in regard to the developments of the coming autumn is natural, but there is evidently no reason for serious anxiety. While the prosperity of Canada mainly depends upon the crops, yet at the present time whatever these may be we can do much, within limits, to increase our own credit in Great Britain and elsewhere and make permanent our prosperity at home by devoting all our energies to the careful management of undertakings which have already been started so that they are placed on a firm basis, rather than by rushing into a new cycle of speculation or launching out on immense proposals for new construction. There is no doubt that manufacturers generally and the commercial and financial interests throughout Canada thoroughly appreciate this point of view, which is in fact that things should be done economically as well as rapidly. With a steady persistence in this view-point and reasonably good crops which can be quite legitimately expected from present indications, the coming half-year can be looked forward to with hopefulness that the end of it will see some steady progress made towards a recrudescence of normal activity and prosperity.