The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY.

Vol. XXXIV. No. 1 MONTREAL, JANUARY 2, 1914. Single Copy 10c. Annual Subscription $5.00

1914.

The year 1913 has made its exit unmourned and unhonoured. Everyone has been glad to see the last of it, and turns with relief from its long-drawn out story of market demoralization, of monetary anxieties and financial strain to the hopes held out by the New Year. What is the performance of 1914 going to be like?

In Canada's case it will depend largely upon outside conditions over which we have no control. A study of things merely as they are at home can only lead to an unprofitable and perhaps deceiving self-contentment. It is fairly obvious that after a twelve month of unprecedented strain, the economic situation in Canada is in a position which may fairly be described as sound. Speculation has been reduced to a minimum, expenditures of capital upon new and for the time being unproductive extensions have been checked, the banks are in an admittedly strong position; legitimate business, while slackening off in some lines, is active on the whole and has no difficulty in obtaining the necessary funds to carry on its operations. Additionally, no doubt, there is being practised both in private and public affairs a spirit of economy in expenditure upon luxuries which has not been in evidence during recent years. These factors *per se* are satisfactory enough and will in time, if allowed to pursue their way unrestrictedly, make for a recrudesence of activity along normal, healthy lines.

In point of fact, these factors are liable to be overwhelmed by the course of events elsewhere. Under present day circumstances of international commerce and finance no single country can be affected without affection of the others, and when consideration is given to the outlook from this wider view-point, it appears considerably less satisfactory than if the view is confined to circumstances as they are in Canada alone. Last year has left to this year the solution of a mass of economic and financial problems, which will tax the utmost energies of those engaged upon them. There is an enormous amount of international financing to be done—the putting into permanent investment forms of short term financing, the clearing up of the financial mess of recent wars, the supply of funds and yet more funds for the always-hungry armaments giants, the meeting of the clamorous demands for more capital of undeveloped and half-developed countries. In India it seems not unlikely that 1914 will be marked by a financial crisis. In the United States, commerce and finance will be operated under new circumstances of tariff and currency legislation whose effect is yet uncertain.

Thus massed together, the problems of 1914 present a formidable appearance. However, he would be a pessimist indeed who would be daunted by them in advance, and there is one important point which while of some concern to various European industrial centres is yet of very good omen to Canada. It is generally admitted that a considerable re-action of trade is in progress both in Great Britain and in some of the other important European industrial countries. Trade re-action in those countries means the release of an immense amount of funds employed in recent years in trade purposes to be placed in permanent investments. It is to be anticipated that Canada will receive a full share of the benefit from this shifting of funds. High-class securities will be readily absorbed and at the attractive prices which are now ruling for Canadian bonds it is to be expected that the buying will be of such a character as to bring about a considerable change in the market's position. The probable importance of this movement it is not easy to overrate.

In any case it seems likely that 1914 will be in Canada, relatively speaking, a "quiet" year. There are not likely to be any displays of speculative fireworks either on the Stock Exchanges or in the real estate business. But for legitimate business of all kinds, the outlook is promising, and if 1914 does not produce another crop of mushroom millionaires in Canada, at least there is every indication that the year will be one of substantial profits for every branch of legitimate trade. It remains to be seen whether the existing period of stringency will have any effect in reducing our immigration. To a certain extent, no doubt, prospective new inhabitants will be scared off for a time, but a great volume of newcomers is bound to continue to pour in from the older lands bringing with them new wealth and activity. As a year of creating new demands and activity. As a year of substantial construction, 1914 may be looked forward to with confidence.