

The Chronicle

Banking, Insurance and Finance



ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXVI. No. 44.

MONTREAL, DECEMBER 29, 1916.

Single Copy 10c.
Annual Subscription \$3.00

1916-1917.

The year 1915 was a period of momentous and astonishing developments in Canadian economic history. The successful flotation of a large domestic War Loan and the granting of credits to Great Britain constituted a notable milestone in the Dominion's financial records. So quickly, however, in present circumstances does the edge of novelty become blunted, that during 1916, we have proceeded to further notable financial achievements almost nonchalantly. During 1916, domestic war loans have been more than doubled; credits to the British Government have been more than tripled. There has been, too, a continuance of our ability to borrow freely in the United States at rates of interest which while high in comparison with normal times, are, under present circumstances, fairly favorable. Thanks to last year's bumper crops and to manufacturers' activities in munitions and army supplies, our export trade has immensely developed and most profitably, with the consequence that many industrial undertakings have been placed in an infinitely better position than before. Coincidentally and resultantly, there has been a steady rise in our banking resources to almost two thousand millions, a total the mere possibility of which would have been scoffed at two or three years ago. It may be fairly said that 1916 has much more than realised any expectations of Canadian financial achievement with which it was begun.

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There is, of course, a reverse side. The Canadian casualty lists have lengthened terribly during the year, with their consequences not only of sorrow and pain but of irreplaceable loss. Canada is spending freely on the war both blood and treasure, and a national debt large in the aggregate and *per capita*, is being piled up. While so much effort has already been made, it is apparently necessary that the effort be steadfastly continued and even increased in order to bring into sight the end of the war. It appears to be generally agreed among those military critics whose opinion is entitled to respect that judging by the military position only, the earliest date at which the end of the war can come is the autumn of 1917. Whether a *modus vivendi* between the belligerents will be found before that time depends apparently upon Germany's ability to recognise the inevitable. It is inconceivable that the Allies, in view of their stupendous sacrifices in blood and treasure, should now weaken in their

pursuance of those objects which have been so frequently and eloquently set forth by their leading spokesmen. Certainly, Canadian opinion would not be favorable, despite the cost of continuance of the war, to what Mr. Asquith some time ago described as "some patched-up, precarious, dishonoring compromise, masquerading under the name of peace." The indications are then that 1917 will see a continuance, probably for the greater part of the year and possibly enough for the whole year, of the extraordinary conditions which have developed during the past two years. The signs point to the persistence of great industrial activity, and the concomitant necessity of even greater efforts in providing money and men for active service. In brief, the problem of 1917 is the further mobilisation of the resources of the country in men, money and materials for the one purpose of winning the war.

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An attempt is now being made to solve this problem through the National Service scheme, and it is much to be desired that this scheme will attain the success which it deserves. Admittedly, its success depends upon the good-will of the people at large, upon their willingness to co-operate in national service, according to their capacity. Unless that co-operation be freely given, the scheme will be a failure, and to the extent to which it fails, to that extent will Canada's effort during the coming year be less than it otherwise might be, whether in the number of men placed in the actual fighting-line or in the production of war supplies. Coincidentally with this further mobilisation of men and materials, must go on during the coming year the mobilisation of money. A further large domestic War Loan is only a matter of a few months at most and meantime further credits will have to be supplied to the British Government. It is now announced that a National Savings Campaign is to be inaugurated by the Minister of Finance early in the New Year. Except through measures of absolute prohibition, it is, of course impossible to prevent entirely wasteful spending, at such time as these. But a good deal may be done which has not yet been done in the matter of persistent and systematic education in the duty of present-day thrift and saving for war purposes. As useful and important National Service can be done by thrift and saving during 1917 as in the field and the munition factories.