Monetary Times

Trade Review and Insurance Chronicle

of Canada

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EXPORT TRADE

One month after war commenced, our merchandise exports for the previous 12 months had a value of $468,000,000. At the end of September last, the year's export trade had increased to $1,053,000,000. When war commenced our total trade for the previous year was $1,061,000,000. At the end of the 12 months ended September last, it was $2,014,000,000. The importance of permanent and steady export trade is becoming recognized here only slowly. The growth in this trade by 103 per cent. during the war period is due chiefly to war orders in Canada, the value of which has exceeded $1,000,000,000 since the commencement of the struggle. The large crop last year also contributed to the expansion of trade.

How our exports were made up for the 12 months ended September, 1914, and 1916, is shown in the following table:—

Canadian produce.	1914.	1916.
The mine	$ 57,174,939	$ 77,436,746
The fisheries	19,964,899	23,274,772
The forest	42,191,112	53,952,950
Animal produce	62,034,576	111,331,332
Agricultural products	179,110,844	396,455,537
Manufactures	63,355,893	361,381,419
Miscellaneous	224,830	8,107,248
Total Canadian produce	$424,057,093	$1,031,940,004
Foreign produce	44,152,917	20,985,647
Total exports (merchandise)	$517,982,240	$1,052,925,651

The increase of 473 per cent. in the export of manufactures is a direct result of war orders. The production of our factories during 1916 will probably be at least $2,000,000,000 as compared with $1,110,000,000 in 1910. While factories are working at full capacity now, the demand is abnormal and will to a large extent cease shortly after peace comes. The domestic market will absorb a substantial part of our factory products after the war, but it is the marketing of the surplus which requires the serious consideration of manufacturers, and now. The success or failure in placing this surplus in foreign markets will maintain or depress Canadian export trade. The maintenance of export trade during peace times is one of the most important questions of the day. Competing in the home market, and filling foreign war orders, are entirely different things to competing abroad in normal times.

FINANCING THE ALLIES

The Allies will win the war however long it takes. They have confidence in themselves and their national positions. They will be able to finance successfully. These are the signs which may be read to-day in United States money markets. When war commenced president Wilson expressed his disapproval of loans to belligerent countries being made by United States bankers. To date, $1,592,000,000 of such loans have been made. The theory of neutrality, as applied to American commerce and finance, is not consistent with the furtherance of American prosperity.

When the first foreign loans were made in the neighboring market there was a decided hesitancy on the part of bankers and investors. The Anglo-French loan of $500,000,000 last year had to have its advance agents, its publicity men, and its stage managers to see that nothing went wrong with the new production. Since then the United States has learned to recognize that by making loans to the Allies it is financing its best customers. While the early loans had to be given to investors in the paternal "it-hurts-me-more-than-it-hurts-you" style, the latest loan of $300,000,000 has been absorbed with avidity. Mr. H. P. Davison, of J. P. Morgan and Company which, with other large financial houses is financing the loan, has pointed out that every dollar of the money advanced remains in the United States to benefit still further United States trade and to establish conditions which will be at least sufficiently permanent to endure long after the war is over. One of the most significant of his statements is:—

"I am perfectly clear that if we regard Great Britain and France as desirable customers and wish to continue to sell them our products, we must treat them as a producer treats a desirable customer, in which event I am confident we will continue to supply them largely, not only during the war, but for the reconstruction period which will follow."

This expresses the wisdom and advantage of using surplus United States capital to finance the nations at present at war. The well recognized securities behind the loan are merely collateral. The character of the borrowers is collateral. If character were not there the loans would be condemned.

A sound view of the position is taken by the Wall Street Journal, which says: "We must remember that when the war is over our international business relations will continue. It is then that the United States investor will reap the fruits of his foreign loans. The wonderful wealth and credit of Great Britain, combined with integrity and justice, is founded upon just such loans as these. The calling of Great Britain's obligations abroad has enabled the financing of the most tremendous obligations any country ever assumed."

As Mr. Davison says, "How would the United States feel if the conditions were reversed?"