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### THE GENERAL FINANCIAL SITUATION.

Probably the most important event of the economic week, although at first sight it may not appear so, is the lifting of the blockade on trade with Germany. With conditions as they are at the present time, the resumption of trading relations with former enemy countries will be necessarily a gradual process. It is clear that in the initial stages at least, credits will have to be given, but it is by no means certain what security can be offered for those credits. On the other hand, there are said to be indications that Germany's industrial structure, her old-time industrial "efficiency," has in a large measure survived war and revolution and is ready to get under way. Since goods can only be paid for ultimately by other goods and services, should this be the case, it would indicate that Germany's demands for goods from abroad are likely to be very large, particularly, perhaps, in such staples as foodstuffs and clothing materials, of which she is notoriously short. Her buying on a large scale will, of course, have the effect of keeping up prices, and, in fact, it seems useless to anticipate any pronounced reaction in this connection, so far as staple commodities are concerned, for many months until production has been increased the world over to something like the pre-war standard, and the supply of shipping marks a decline in freight rates. Legislative action may correct abuses here and there, but it is as clear as noon-day that nothing less than production and saving will result in any marked decline in existing price levels.

As the summer progresses, the outlook for the year's Western wheat crop becomes a subject of increasing interest. The latest reports available at the time of writing are, on the whole, reassuring. Those of us who are not Westerners are sometimes apt to forget that the area under grain in the Prairie Provinces is now so large as to be subject to the most diverse climatic conditions, and where one district reports failure, another is rejoicing with bumper crops. It seems that this year, a record crop is expected in Manitoba, owing to an increased acreage on much freshly broken land, and also as a result of copious rains received during June. In Northern Saskatchewan and Northern Alberta, the crops are, generally speaking, rather promising, but in South-Western Saskatchewan and Southern Alberta, drying winds, torrid temperatures and a scarcity of moisture,

produced a crop that was all but utter failure until recent rains. The difficulty in estimating the size of the crop at this date is stated to be greater than usual. However, the larger area sown, chiefly in Manitoba and Alberta, has led to an expectation of a bigger harvest than that produced in 1918.

Considerable importance has been attached by the business community to the announcement of a new contract between the Dominion Government and the Dominion Steel Corporation for the supply of ship plates. A contract entered into last year called for the delivery within a five-year period of 250,000 tons of these plates, at the price of \$4.15 per 100 pounds. This price has been modified in the new contract to \$3.65 per 100 pounds, which is said to be satisfactory to both parties. This contract is viewed as of particular importance as tending to stabilise the steel industry of Canada at a time when the outlook is uncertain, while its effect upon the development of the ship-building industry needs no emphasis. With regard to the general outlook for steel, it is noted in the United States that the export trade shows a considerable improvement, owing to an easing off of freight rates. That the position in this respect will continue to better is generally believed, and such improvement should gradually extend to the Canadian steel plants, which are now in excellent shape to care for additional business.

The action of President Wilson in vetoing the repeal of the Daylight Saving Act in the States is of considerable interest here, in view of the fact that any action taken by the States in this connection must necessarily be followed by Canada in view of the close relations between the two countries. Daylight saving in Canada has been appreciated by the business community here, not merely as an additional opportunity for golf or gardening, as the case may be, but because it makes a real contribution to economy in business and industry. It is certain that any re-action towards the old state of things would now be widely regarded in business and industrial circles as a retrograde step involving needless waste. It is to be hoped that next spring we shall not have in Canada a repetition of the farcical proceedings which marked the legislative attitude at Ottawa towards daylight saving last Spring, but it is certain that whatever

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