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THE GENERAL FINANCIAL SITUATION.

Activity on the local stock exchanges during the last week or two has been stimulated by the publication of a number of annual reports by large industrial corporations reflecting the favourable conditions under which they have been doing business during the past twelve months. With regard to the pulp and paper issues, it may be noted that in more than one influential financial quarter, the opinion is quite frankly expressed that during the next twenty years, this industry will take a premier position among the Dominion's industrial activities, and that it possesses at the present time, great and growing possibilities. In this connection, however, it is to be noted, that the permanence of an industry of this kind, depends upon the carrying out of an adequate programme of re-forestation, a programme which is not yet notably evident. While several of the leading pulp and paper companies are doing something in this direction, much yet remains to be done, and it would seem that this matter is one which might well be pressed upon the attention of the Dominion Government, with a view to the undertaking of re-forestation upon an adequate scale. There are immense areas scattered all through Canada, which will never be fit for any other form of cultivation than forestry, but properly utilised in this direction could be made steady producers of wealth. The foolish and essentially childish idea of "limitless resources" has hitherto had a good deal to do with the neglect of Canada's duties and opportunities in such directions as these, but nowadays there is no excuse for their persistence except mental laziness, and a refusal to look facts in the face and understand them.

In connection with the pulp and paper issues, the fact may be noted that one of the leading companies in making an issue of bonds this week, undertook to pay the normal Income Tax, up to 4 per cent. in either Canada or the United States, upon these bonds. The fact is an interesting example of the psychology of salesmanship, and possibly contributed something to the success of the sale of the bonds in question. With Income Tax in Canada, still a comparative novelty, no doubt many investors would be attracted by a feature of this kind, which doubtless served its purpose of enabling the bonds to be disposed of at a slightly higher figure than would otherwise have been secured for them.

The textile issues have also been extremely prominent. While these companies are now faced with declining markets, their large earnings during the war years have, generally speaking, placed them in a very strong position financially, and it is thought also that British and other competition in standard lines of this character is not likely to become a strong factor for some time to come. In some minor lines of Canadian industry, however, complaint is already being made that American manufacturers are commenting something approaching "dumping" tactics, and it is not unlikely that more will be heard of this at an early date.

The January bank statement published this week is, on the whole, a satisfactory document, although a marked decrease in circulation for the second month in succession suggests a considerable slowing down of industrial activity. Circulation at the end of January is now reported as \$203,424,472, a decrease for the month of \$21,076,645, following a decrease of some \$10,500,000 in December. It is to be noted, however, that even with these considerable reductions, circulation is still nearly \$32,000,000 higher than at the corresponding date of 1918. Demand deposits also show a notable decrease for the month, being down by \$87,114,650 to \$623,919,410, partly as a result doubtless of the large interest disbursements during the month, preparation for which, it is believed, led to the notable rise in these deposits during December. The figures of notice deposits are very satisfactory. An increase for the month of \$31,526,528 brings them up to \$990,000,085, following an increase of over \$19,000,000 in December. The growth of these deposits confirms the general impression that the great bulk of the smaller subscriptions to the second Victory Loan were paid up in full at the time of subscription. Current loans remain at a very high figure, as a result in part of the holding-up of shipments of wheat and other produce, which under other circumstances, would have been moved forward to Europe before this. This total of \$1,080,340,861 is \$4,700,858 larger than at the end of December and is no less than \$224,834,355 in advance of the corresponding figures reported a year ago, at the end of January, 1918. Call loans are down slightly in comparison with December, to \$87,598,427, but are \$11,359,226 higher than a

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