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GENERAL FINANCIAL SITUATION.

(Continued from front page)

tween exports from Germany to Great Britain and exports from Great Britain to Germany. Under this arrangement, while individual German manufacturers may secure a certain advantage from the depreciated exchange, the country as a whole will have all the disadvantages of high-priced imports and low-priced exports. It is obviously along such lines as this, and not by a mere rabid exclusion of all German goods, that the trade interests of the Dominion as a whole will be best served in regard to the matter of trade with Germany.

In regard to local Stock Exchange developments, it may be said that the public has taken the bit between its teeth. Obviously in many cases real values are being disregarded, the Montreal list is becoming full of the most annoying anomalies, and the wildest rumors find credence readily. How long this fever of speculative enthusiasm will last remains to be seen; the one thing certain is that it cannot last forever. It is noted in connection with the New York market, that there is an almost complete indifference to considerations which may gravely affect the future—considerations such as the question of economic developments in Europe; the question of labour and its action regarding industrial production; the question of the money market and the question of the railroads. Says one experienced observer: "If events in Europe were to take an unfavorable turn, or if the radicals should get the master hand in our labour unions, or if, as is probable enough, a genuine 'money squeeze' should be precipitated by the demands of trade and the borrowings of speculators, or if the question of disposition of the railways were to be dangerously deadlocked by political or labour union opposition, then the Stock Exchange would be confronted with the unavoidable task of reversing its attitude, perhaps with the greatest suddenness. These are considerations which no prudent man can rightly dismiss. Their dismissal, with the utmost indifference by the body of speculators now dominant in Wall Street, is at least

one of the outstanding facts in the present situation."

The frame of mind described as existing in New York is somewhat in evidence locally at the present time, with the result that junior common stocks without, so far as is known, any really definite prospects, though gossip about them is rosy enough, are selling at higher prices than standard stocks, giving a good dividend return and with assured prospects. Speculators who load themselves up with stocks under such circumstances will have only themselves to blame when the balloon bursts.

On the other hand, assuming that there are no outstanding untoward developments in the Canadian situation during the next few months, it seems quite possible that bullish enthusiasm may go successfully forward for some time to come. The present movement is, to some extent, merely a part of the enormous movement in inflation of values which has taken place as a result of the war. The war bonds held in Canada alone represent a foundation for very large speculative credits, either in construction or for the rise in values, and inevitably when the demands of new construction and production are yet undeveloped, that credit power is devoted to other uses. Aside from the fact that the basis of credit in Canada at the present time is immensely larger than it ever was before, there is the additional fact that a good many folk are using their war-gains in speculation just as they are using them in buying automobiles and victrolas. So that the financing of the present movement presents no difficulties, since it is merely a logical development of the expansion of currency and credit during the war years.

Both the fact of settlement of the British railway strike and the terms of that settlement are events of more than merely British importance. The settlement assures the continuance of the open channels of international trade, which would soon have become closed, had the strike continued, while likewise the terms of the settlement have more than a local importance, through their influence upon labour's demands elsewhere. From this point of view, while the settlement of the strike is a matter for satisfaction, the terms of settlement cannot be regarded with the same satisfaction, since there are involved in them concessions which in fact amount very largely to giving the strikers what, unjustifiably, they went out on strike for. We are inclined to think that the ultimate effect of such a "settlement" can only be to show labour agitators that the public can be successfully "held to ransom," and they are not likely to be long in endeavoring to follow up this success.