

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

Vol. XXXVII. No. 35.

MONTREAL, AUGUST 31, 1917.

Single Copy 10c.
Annual Subscription \$5.00

A BEGINNING WITH RE-ADJUSTMENT.

The announcement last week by the Imperial Munitions Board of the discontinuance of certain lines of shell-making in Canada cannot have come as a surprise to those who have closely followed recent developments. Months ago, the British authorities frankly announced their ambition to make Great Britain self-supporting in the matter of munitions, in order to release tonnage for other purposes and, possibly to some extent, to relieve the strain upon sterling exchange. The discontinuance of orders in the United States some time ago was a signal of what was likely to happen in Canada sooner or later. We have come now to the beginning of the period of re-adjustment, which, inevitable as it was, has been looked forward to by many competent observers with undisguised anxiety. The lessening of shell-making activity marks the commencement—possibly a very small commencement—of another great upheaval in Canada's economic and industrial position. It may be said at once that the circumstances under which readjustment has to be begun are much more favorable than many observers had dared to anticipate. We are able to make our first experiments in the re-settlement of labour undisturbed by the influx of a victorious army clamoring for re-employment in civil life. That the labour which is released from munitions-making will be readily absorbed into new efforts of industry, there can be little doubt. The skilled mechanic will be easily provided for in the ship-building yards, locomotive and car shops, and the other centres of industry, where the demands of recent years have altogether outstripped the supply, and an immense amount of leeway has to be made up, in addition to meeting the current heavy demands. It is well known that the Imperial Munitions Board has been active in recent months in regard to the construction of tonnage, and appearances suggest that a very fair proportion of the profits made in shell-making will go into new shipyards or the extension of existing ship-building facilities. The launching of Canada's first steel mercantile ship the other day marked a notable milestone in this industry. Other skilled labour will probably be absorbed into regular lines of industry, which have been perforce neglected by reason of the rush for war materials. Some of the unskilled labour, particularly the female portion of it, released by the stoppage in munition making, will probably go out of factory industry altogether and resume its ordinary pursuits. Unskilled or semi-skilled male labour will at least find ample occupation during the harvesting period, and in many directions there has been a great shortage of this labour, which present events should tend to correct. That there will be a gradual re-adjustment in wages from the extraordinary levels which have

lately prevailed is a certainty, and in this connection there is the possibility of trouble, particularly as a fall in wages is likely to precede by some length of time a fall in the prices of commodities.

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Any marked re-adjustment in wage-earning power will, of course, be quickly reflected in a slowing down of general business, beginning with the retail trades. Fire insurance, which is a good index of trade activity, may find its premium income show a tendency to decline through the stoppage of the munitions industry, but any tendency in this direction may be offset through increasing demands for cover by other industries, and during the next few months at all events, through the gathering-in of the harvest. In any case, the mistake may easily be made of laying too great stress upon the effects of this commencement of readjustment. The partial stoppage of shell-making, and the action of the British Government in notifying that no more Canadian hogs or bacon will be purchased—this is perhaps a temporary measure—does not mean that the whole fabric of Canadian war industry and commerce is tumbling. The statement made by Sir Thomas White in the House of Commons this week should correct any tendency to over-apprehension. Sir Thomas pointed out that Imperial expenditures in Canada during the remainder of the year will be at such a rate as to necessitate loans from the Canadian Government of \$35,000,000 a month. The Imperial Government, in addition to expending these large sums, intends the expenditure in Canada this fall of \$50,000,000 for cheese, hay, etc. These figures indicate the continuance of industrial and commercial activity on a great scale until at least the end of the year, and, in addition, the completion of this year's Western harvest will mean an enormous addition to the wealth of the Dominion. The first beginning of readjustment is, in fact, being undertaken under infinitely better circumstances than could have been anticipated. But the fact of the re-adjustment lends point to the warning contained in this month's commercial letter of the Canadian Bank of Commerce, although that was written before the present turn of events:—"The success of the recent loans at home and abroad should not be taken to mean that continued economy and saving are not of the very first importance. The high cost of the loan in New York, and the present inability of our cities and provinces to sell their securities on that market, mean that a greater share of the cost of the war will in future have to be met out of the savings of the people. It is, therefore, imperative that economy of the strictest kind be practised, so that the money thus saved may be set aside for investment in the war loans that are inevitable." It is through present-day thrift that we shall not only be able to support further war loans, but also meet unafraid the shock of drastic readjustment, when it comes.