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THE MAN BEHIND THE FLOW.

CERTAIN Wall Street oracles have been asserting that a trade boom is due in the United States just as soon as any sort of tariff legislation is passed. Like Midshipman Easy, they argue the point without giving any point to the argument. Similarly confident predictions were made that President Taft's election was to bring a sudden and tremendous spurt of business activity. Meanwhile, trade continues progressing gradually but without apparent regard for special days and occasions.

Buoyed up by continued plenty of market funds, Wall Street has shown some disposition to over-discount business developments of the near future, and to overlook so important a factor as the agricultural situation. At most, but moderate crops are looked for throughout the United States. Doubtless the farmer will receive high prices, but as the surplus for export will not be overly large, his gain will be in large part at the expense of city dwellers.

In Canada, so far as early forecasts are possible, the outlook is brighter. In the first place, railway and milling company reports state that the Western wheat growth is now practically as far advanced as at this date last year, as a result of recent forcing weather together with the excellent previous condition of the seed-bed. And the crop acreage is materially larger than last year. In the older provinces the discouragement of a few weeks since has vanished with favouring weather, until almost "every prospect pleases." And while not every class will rejoice as heartily in the prospect of continued high prices for grain, as the man behind the plow, the effects upon so relatively important an export trade as that in agricultural products, must reach all.

ACCUMULATION OF FUNDS.

ALIKE in America and in Europe, the year 1908 was marked by lessened industrial activity, and the diversion of money from the quick-flowing channels of trade to the quiet pools of banking reserves. To-day the Bank of France holds about \$740,000,000 in gold, as compared with some \$600,000,000 a year since, and \$530,000,000 two years ago.

While this \$200,000,000 two-year increase makes the \$15,000,000 gain of the Bank of England for the same period seem insignificant, it is to be remembered that London as the world's one free gold-market allows other centres to act as its store-houses—drawing upon them by raising the Bank of England rate when funds are needed. "Not Waterloo, but an

increase in the Bank of England rate" is the reason Napoleon is said to have given for his final overthrow. The sinews of war could not withstand the tugging of the Old Lady of Threadneedle Street.

During the first four months of 1909, the Bank of England received from abroad \$36,000,000 more gold than it exported, showing how well the higher bank rate guarded against export to Europe or America. Between April 1, when the discount rate was lowered, and the end of May the Bank of England gold holdings decreased some \$16,000,000, though they still remained at over \$190,000,000—the highest figure reported at that date since 1896. But while other centres have been hoarding gold, London has been steadily dispensing funds.

WHAT IS BACK OF BUSINESS RECOVERY.

FROM being the direct effect of trade recession, idle capital later becomes the basis for general business recovery. Cautiously, idle funds begin to venture into active investment. At first there is some tendency to avoid partnership undertakings, as represented by stocks—and to keep to bond holdings. Later, investors join with speculators in entering the market for stocks as well. New securities are floated to satisfy recovering appetite—and to tempt it to an increased demand. With fresh funds in hand, the stronger and more confident among railroad and industrial concerns begin construction activities, business in this line and in that begins to "pick up," and the upward movement gets under way. Nowhere has this trend been more in evidence of late than in Canada. Scarcely had the New York panic passed than the Canadian Pacific was successfully obtaining European capital for the extension of its activities and the development of the country. Since which other corporations have followed suit in great numbers.

In general, the course of events is the same after every crisis—though differences in degree and in rate of progress may be marked. And until confidence starts capital a-moving, it matters little how large its available accumulations have become. The slowness of recovery after the United States panic of 1893 was an instance of this. The poverty of the agricultural community, consequent upon American crop failures and the uncertainty as to the "silver question" were strong reasons why capital hesitated to venture into ordinary trade channels. Indeed, it was not until the later nineties—following bumper crops—that confidence was fully restored and marked business expansion again in evidence.