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## THE GENERAL FINANCIAL SITUATION.

Some two months ago, when following a special message of President Wilson to Congress, the United States Government inaugurated a noisy campaign having as its professed object the reduction of food prices, scepticism was expressed in this column in regard to the likelihood of that campaign resulting in any really worth-while effects. The course of events since that time has fully justified the scepticism then expressed. It now appears that in the month of August, at the time when this campaign was being most enthusiastically and energetically undertaken, retail food prices reached their highest point in the history of the United States, exceeding July's level of prices by one per cent. This fact can only surprise and disappoint those who are foolish enough to believe that the world's present economic malaise, can be cured by cheap-jack methods which do not touch the root of the evil. The theory at the back of the United States Government's campaign was that the principal cause of present-day high prices are profiteering and unjustifiable hoarding, and that theory was wrong. That profiteering is not only in existence, but is very widely-spread, no one who has the least real knowledge of present-day business conditions will deny. But that it is the principal cause of present-day high prices, is certainly not true. The opportunity for profiteering arises out of the principal cause, which is simply under-production. Prices will come down when the world gets to work again and not before, and while the prosecution of a profiteer here and there may be useful as a moral lesson, it will have no better real success in stopping the flood of high prices, than the prohibition of King Canute's courtiers had upon the tides. Canadians who realise that fact will save themselves a good deal of disappointment as to the possible results to be obtained from cost of living investigations and the like.

At this distance, it appears that the extraordinary railway strike in Great Britain, as well as the steel workers' strike in the United States, are, in effect, larger editions of the trouble which Canadians experienced at Winnipeg some months ago,

that is to say, the strikes have a political rather than an economic object and significance. The circumstances in the case of the British strike make this perfectly clear, and there is plenty of evidence tending to this conclusion in the case of the steel-workers. These strikes are, in reality, attempts by gangs of revolutionists to upset control of the established order by what is known as "direct action"—in other words, by the simple process of browbeating the community into submission. The Kaiser and his advisers had much the same idea five years ago, that the whole world must bow to their demands, and there is no real difference in principle between the German autocracy of five years ago and the Bolshevik revolutionaries of to-day. In Canada, particularly, this battle between autocratic revolutionaries and the community was fought out at Winnipeg to a finish, and the whole Dominion has benefited thereby, though doubtless sooner or later, in some other centre, it will have to be fought over again. The fight for freedom, political and industrial, can never be said to be absolutely won. That the present British strike will seriously retard the process of British economic recuperation after the war, even if it has no worse results, is evident, and the stoppage of transport facilities will in due course have a hampering effect upon Canadian trade, both export and import.

The August bank returns indicate a continuance of the tendencies that have been noted in connection with the returns of immediately preceding months. There is an accumulation in the banks of idle funds, and current loans are at a standstill—this increase in comparison with twelve months ago is probably to be accounted for almost entirely by higher values, and indicates no real expansion in the volume of commodities in course of production and distribution. Notice deposits reached a new high level at the end of August of \$1,196,632,931, a growth during the month of \$21,540,778, while both demand deposits and current loans in Canada show little change, the former recording a nominal increase of \$124,090 to \$584,300,855 and the latter being down by \$2,-

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