

# The Chronicle

## Banking, Insurance and Finance

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F. WILSON-SMITH, Proprietor and Managing Editor

OFFICE:

406-408 Lake of the Woods Building,

10 St. John Street, Montreal.

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multiplication of failures through inventory losses in inability to turn stocks into cash except at a ruinous sacrifice.

Large and well established concerns can afford to take losses of this kind and survive, in fact, in a great number of cases, the losses have probably been already provided for, but with the smaller fry of business, the story is a different one in many instances. The problem of labour is likely also to present many difficulties. Unemployment is increasing considerably, and numerous official bodies are considering palliative measures. Announcements of wage cuts have grown in number during recent weeks, and in some cases they have been accepted without dispute. Elsewhere, and particularly in the Province of Ontario there is an ugly disposition to insist upon the payment of the highest scale of war wages, this disposition being shown even by those at present unemployed. It is possible enough that the early months of the New Year may bring grave trouble in this connection. Securities are possibly at about their lowest, and the New Year may see a perceptible improvement in the present standing of standard bonds and stocks, although the fact must be borne in mind that the arrangement for prohibiting import of securities from abroad is still in force, and it remains to be seen what effect the removal of that arrangement sooner or later will have. With regard to the marketing of the crops, the matter of a further demand from Great Britain and other European countries remains obscure. It is certain that those customers of ours are likely to maintain their present attitude of buying only as necessity dictates, and in the cheapest market. On the other hand, there is the obvious fact that stocks accumulated during the war in Great Britain cannot last for ever, and that sooner or later, the mother country will again be a buyer of Canadian wheat. In the United States there is a threat of legislation, which if carried into effect, may have serious consequences upon some classes of our producers. The short sightedness of our neighbours in fiscal matters is well known, and if they choose

to treat their second best customer in the summary fashion proposed, they can hardly be surprised if that customer makes arrangements for dealing elsewhere as much as possible.

One very satisfactory development, which augurs well for the future, is the fact which is apparent from the November bank statement, that the peak of the strain upon the banks has been passed. Current loans in Canada declined by over \$45,000,000 during the month and call loans in Canada by \$4,664,000, while concurrently, notice deposits in Canada increased by well over \$20,000,000. The excess of current loans over notice deposits, which form their backbone, has thus been considerably reduced. The main factor in this connection is no doubt the sale of our wheat in the United States, and it would be premature to expect a correspondingly rapid movement of the same kind in following months. As things are, however, the sign is an exceedingly hopeful one. It was said at the beginning of this article that the present world-wide situation is due not to over production, but to a break down in credit. While the credit strain in Canada has been exceedingly severe, but for the prescience of our bankers in contracting credits when most business men were unaware of the necessity for such action, the present condition of affairs might be much worse than it is. The bankers are not likely to allow any speculative movements for a long time ahead, but so far as the actual machinery of credit is concerned, it is evident that we have already made a start upon the right road, and that given a solution of the problems of labour and marketing referred to above, and a steadying of prices, following the completion of liquidation, the basis will exist for a new period of prosperity in Canada, less spectacular than the war years, possibly, but more stable and permanent.

Whether before the end of 1921, we shall see the foundations of that new period of prosperity freely laid obviously depends upon events. To some extent it depends upon factors outside our own control, the willingness on the part of workers to do a fair days work for a fair days pay, the willingness to save instead of squandering, in other words, the practise of the old-fashioned virtues of work and thrift.

Whatever the difficulties of the immediate future, no one can be a "bear" on Canada in the longer future. We have that greatest of all assets, a healthy, vigorous and ambitious people, set in surroundings needing only energy and brains plus capital to develop wealth and prosperity far beyond our present accomplishments. And so, realising the difficulties of the present situation and seeing those ahead of us, we still wish our readers in all sincerity "a happy and prosperous New Year."