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CANADIAN TRADE.

There are signs of approaching change in the character of Canada's war-time trade. The zenith of the Dominion's shell-making industry has probably been passed. As contracts are completed, repeat orders are not being given out, and it is known that some of the industrial firms which have been most prominent in this business, have now closed down on it entirely. This development was, of course, anticipated. For many months, it has been no secret that the aim of the British authorities was to make Great Britain self-supporting in the matter of manufactured munitions in order to relieve the strain on tonnage. The administrative activities of the Imperial Munitions Board, and the enormous expenditures which they control, are now being increasingly directed towards the manufacture of other necessities than shells. Labour freed from shell-making will be readily absorbed into other industries. Ship-building, in which connection much valuable work has been done during recent months, will apparently continue active, not merely for the duration of the war, but for some time afterwards. The demands upon ocean transportation will be very great during the period of reconstruction. In regard to this, however, it needs to be borne in mind that the shipping problem, so far as mercantile ships are concerned, will not be solved merely by the building of ships; trained crews have to be found to man them, and, as the United States is now discovering, these cannot be arranged for quite as easily as standardised designs or steel-plates.

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Meantime, statistics of Canadian trade present an interesting study, if only on account of the unprecedented position in which the Dominion now finds itself in regard to its foreign trade. Owing to the financing of the Imperial Munitions Board by the banks, we are not receiving, to the extent to which we should receive under more normal conditions, the benefits incident upon our enormous exports to Great Britain, and the terms of the Canadian Government's recent loan in New York merely emphasize the difficulties of securing accommodation in the United States, and the high price which has to be paid for it. Compared even with 1916, our exports for the first half of this year show a remarkable growth, and in comparison with pre-war years, one which would be astounding, if in these tremendous days anything can possibly

astound. Exports of domestic produce for the six months ending June 30th reached a total of \$620,234,000 compared with \$475,456,000 in the corresponding period of 1916, \$216,171,000 in that of 1915 and \$148,230,000 in that of 1914. These figures, remarkable in themselves as an indication of well-directed energy in every line of industrial, commercial and industrial endeavour, are highly satisfactory so far as they go. Yet the whole story of our trade is not so satisfactory as it might be, in view of the importance to Canada of a large favorable balance of trade at the present time, both on account of the considerations which have been already mentioned, of Imperial financing and the difficulties of borrowing abroad, and by reason of the uncertainties of the future. Our imports for the six months ended June 30th were \$534,608,000 against \$350,104,000 in the corresponding period of 1916, \$205,759,000 in that of 1915, and \$260,336,000 in that of 1914. Whereas, for the six months of the current year, there is a favorable balance of trade of \$85,625,000 against an adverse balance of \$112,106,000 in the six months of 1914 (which could be met by borrowing), this year's balance is nearly \$40,000,000 lower than that for the first six months of 1916, when it was \$125,352,000. In other words, while for the first half of this year, our exports increased \$145,000,000 in comparison with the first six months of 1916, our imports for the first half of this year were nearly \$185,000,000 larger than in the first half of 1916.

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To what extent this increase in exports represents heavy buying of necessary raw materials to be worked up into goods which are later exported, and what proportion is represented by purchases of luxuries, it would be difficult to say. Necessary raw materials undoubtedly represent a very fair proportion of the expansion in imports. But they can hardly be the only factor. An expansion in purchases of articles of luxury or of goods which can scarcely be described as necessities, would be a natural development at present. A period of industrial activity, of prosperity among a considerable proportion of the population, has to be under way for some time before its effect is reflected in increased purchases of this kind. However satisfactory this condition of affairs may be to certain classes of trade, those with a broad grasp of economic truth and fact cannot, at the present time, view these developments with equanimity. It will be a matter to be regretted if this tendency of our imports to increase at a faster rate than our exports continues to prevail, since it means not merely a lessening of present efforts in the support of war finance, but also a diminution of our financial ability to face the uncertainties which will arise, sooner or later, from the ending of the war.

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Canadian bank clearings for the month of July were \$1,021,915,271, compared with \$879,599,218 in July, 1916. Montreal's July clearings were \$361,480,320 against \$326,715,007; Toronto's \$262,966,414 against \$208,759,891, and Winnipeg's \$174,458,431 against \$166,054,953.

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Hail losses in Alberta are reported as again exceedingly heavy this year.