

# The Chronicle

## Banking, Insurance and Finance

ESTABLISHED JANUARY, 1861

PUBLISHED EVERY FRIDAY

Vol. XXXV. No. 52

MONTREAL, DECEMBER 31, 1915.

Single Copy 10c  
Annual Subscription, \$5.00

### 1915-1916.

A year ago, it could hardly have been contemplated, even by the most perspicacious of financial critics, that at the close of 1915, Canada would occupy the relatively favorable economic position from which we take the turn into another year. As the immense financial cost of the war and the novel financial expedients that would have to be adopted, were not foreseen, so there was in Canada, twelve months ago, little idea of the momentous and astonishing developments which have arisen in the course of the year and will always make 1915 an outstanding period in the Dominion's financial history. These developments reached their height in the successful flotation of the domestic War Loan, and the granting of credits to the mother country. It may not unfairly be said that not only has Canada, as a result of the war, been spared a substantial amount of severe penance for economic sins of the recent past, but also that in less than 18 months, we have reached a position in relation to international finance that under normal circumstances it would probably have taken us many years to achieve.

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Yet, in looking forward to 1916 with confidence as a result of the developments of 1915, the immensity of the task and problems which lie ahead must not be underrated. The major part of the industrial activity which has materially contributed to our economic improvement during the last year is temporary. Sooner or later the factories where machinery is now running day and night seven days a week to supply the Allies with munitions will find their business gone, and themselves obliged to turn to their normal occupations. The transition period following immediately upon a declaration of peace will be an anxious time for many industrial executives in Canada, and it is not at all clear at present that the factories will find at once a demand for their normal energies, though it may fairly be hoped that gradually, and after not too long an interval from the cessation of war activities, the demand will come. Again, there are still many weak spots left in the financial fabric—corporations capitalised out of all reason in comparison with their earning power, individuals hopelessly involved in real estate speculations. The unwise legislation

passed by some of the Western provinces has had the effect of preventing a clearing-up of the real estate situation there, and the chapter of losses following the unbridled real estate speculation of a few years ago has yet to be closed. There are also looming up problems of taxation to meet the Dominion's war expenditures, and Sir George Foster gave a very broad hint the other day that the loan demands of the Canadian Government from its own people will be, before the war is over, probably of proportions that it will take all our energies to supply.

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How are these various problems to be met—taxes borne, loans raised, real estate losses neutralised, an industrial transformation safely made and about \$180 millions a year provided in interest on the capital we have borrowed abroad. In the first place by the use of foresight—by an adequate appreciation of the seriousness of the problems and tasks that lie ahead, and then, by energetic and continued production of the ordinary necessities of life, backed up by true thrift, which means good management and not merely being parsimonious. Only by continued production and continued thrift can real wealth be accumulated, and the awkward financial corners of 1916 and the following years safely negotiated. We do not believe that the task will be over-burdensome. Nationally we have produced largely and practised thrift during 1915—and we now begin to see the results. If we go on in the same way during the coming year we shall be able to meet in a spirit of sober confidence any financial problem that 1916 brings us.

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To inspire us, there is the knowledge that in growing wheat, in turning the wheels of industry and in abstaining from waste or unnecessary expenditure (and only a hard common-sense will enable each to decide for himself what expenditures may individually and legitimately be curtailed), we are each "doing our bit"—helping forward the great cause of liberty, decency in international affairs and a civilisation better than any we have hitherto known, just as truly, though with little of their sacrifice, as those who are watching through the winter nights in Flanders and are giving their utmost for country and Empire.