

# The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

R. WILSON-SMITH, Proprietor

Vol. XXIX. No 6.

MONTREAL, FEBRUARY 5, 1909.

Single Copy - 10c  
Annual Subscription, \$2.00

**THE LURE OF STATISTICS.** SO persistent a statist as Bagehot is credited with subdividing the *genus mendax* into the ascending species of "lies, and statistics." And the author of "Lombard Street" would scarcely find reason to modify this classification were he alive to peruse some of the year-end figures relating to recent trade and financial development.

For instance, a New York newspaper lately displayed a heading to the effect that United States bank clearings for December were over 50 per cent. greater than the corresponding month's total in 1907. Of itself, this might seem to indicate realization of the wildest dreams of a post-election business boom. Analyzed, it shows instead that a fevered year-end activity in stocks had swollen clearings in New York city to an extent nearly 75 per cent. greater than the post-panic December showing of 1907. Even with this arbitrary factor, the December clearings in 1908, for the country as a whole, did little more than "break even" with those in the closing month of 1906.

It is noteworthy that Canada's December clearings, on the other hand, while only some 17 per cent. greater than those of a year earlier, were about 9 per cent. larger than the corresponding showing for 1906—a record year.

So that the United States "gain ratio"—apparently three times as pronounced as the Dominion's—indicated less relative trade recovery. The acuteness and severity of after-panic developments in the United States, make it necessary to take all current showings of "statistical recovery" *cum grano magno salis*.

**THE SAVING SALT OF ANALYSIS.** ELSEWHERE in this issue of THE CHRONICLE, an effort is made to apply the saving salt of analysis to a compilation of ratios relating to trade decline and recovery in

Great Britain, the United States and Canada. To compare these pulse-and-temperature charts of convalescent patients is not without practical interest. A careful study of their resemblances and differences should afford some indication of probable developments during the year now begun. This much at least seems clear—that recovery cannot be hastened by over-stimulation. The "Prosperity Club" methods employed in the United States during June, and again after the autumn elections, are now seen to have resulted in no real gain.

There is evidence, too that business recovery across the border is being retarded by uncertainty as to changes in the customs tariff.

**VOLUME AND PRICE IN TRADE** A SUCCESSOR to Bagehot in the editorial chair of the London Economist—the versatile Mr. F. W. Hirst, to wit—has been a recent visitor to Canada. In commenting upon trade conditions in America and in Great Britain, Mr. Hirst points out how diminution in the values of foreign commerce may exaggerate the practical extent of business depression. In many lines of production and trade there has been a decided drop in prices since the summer of 1907. On the principle that international trade ultimately consists in exchange of goods, it is necessary to take volume and weight, as well as price-totals, into account. Indeed, The Economist estimates that, had prices during 1908 remained as in 1907, Britain's total foreign trade for the year would not have been £1,050,000,000 but £1,184,000,000—a figure exceeding the £1,165,000,000 recorded in 1907. But the fact that certain food-stuffs rose rather than fell in price during 1908, while price-changes in other commodities were uneven in extent, makes it impossible, as The Economist itself points out, to attach exact significance to this approximate calculation.