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THE GENERAL FINANCIAL SITUATION.

Even under such serious circumstances as the present, to the economic student, there is necessarily something humorous in the daily newspaper parade during the last two or three weeks of the most simple and elementary economic truths as front page "news." The fact, however, if it be humorous, is also encouraging. When economic truths appear on newspaper front pages under scare headlines, there is some hope of getting the uninstructed to pay attention to them.

While the world-wide economic situation remains unsatisfactory, several of the developments which have taken place during the last few weeks afford ground for hope that light is gradually being let into dark places. In our view, President Wilson's recognition, in dealing with the new demands of the American railroad men, of the fact of the vicious circle of wage and price inflation is of considerably greater importance than the spectacular campaign against the "hoarding" of food-stuffs and "profiteering" in staple commodities now being conducted by the U. S. Federal authorities. The one is a sound recognition of first principles; the other merely a showy display, the effect of which, if any, really worth-while effect is eventually obtained will be only temporary. If there had been the same recognition of economic first principles at Washington when the McAdoo Schedule was under consideration, the people of the whole of this continent would be unmeasurably better off than they are at present. Of even greater importance than President Wilson's pronouncement is that of the British General Federation of Trades Union. "Strikes have been precipitated which might have been avoided," says this authority, and some strikes had a distinctly political origin. Political strikes must either fail or end in revolution. They are not against the capitalists but against the community. It is not the capitalist who suffers but the people. The effect of such strikes is to decrease production, and increase the price of all commodities. In view of the national situation and the possibility of a grave shortage, it is imperative that the Trades Unions face the facts. The outstanding ones are that the war is

over, that competitive laws as between nations are now forcefully operating; and that commodities must be paid for with goods, not paper." All this is sound sense, admirably and forcefully put, and if these ideas can be got into the heads of the rank and file of labour, the world will be well on the way to economic recovery.

We are inclined to think that the storm-centre of labour trouble has now moved from Great Britain to the United States, and that our southern neighbours, with their heterogenous population, are likely to have their hands full for some time to come. So far as Canada is concerned, the opinion of the business community is that the failure of the Winnipeg strike has had a distinctly salutary effect, and that while there may be sporadic trouble here and there, we are not likely to encounter such widely spread and deeply rooted disaffection as has appeared elsewhere. If this diagnosis is correct, and there is much to be said in its favour, Canadians will have good reason, indeed, for congratulation. In this connection, attention may be drawn to the admirable address made by Senator Robertson, the Minister of Labour, in Montreal, the other day. He made an excellent point in emphasizing that large corporations are carried on, not by the investment of large sums of money by wealthy men, but by the savings of hundreds of thousands of working men. The fact is that no section of the community can live to itself, and any action by one section which hinders production or discourages thrift injures the whole.

While from some points of view, particularly that of the success of the Dominion Government's loan in the fall, the further larger increase in notice deposits reported by the banks for July is satisfactory, we are not inclined to be enthusiastic about this increase. It is a sign that available funds are not being as actively employed as they might be; in other words, industrial activity and actual production are below the level which Canada has the means to finance. This fact is explained by the concurrent decrease in the banks' current

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