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THE GENERAL FINANCIAL SITUATION

Announcement was made from Ottawa at the beginning of this week of a discontinuance of the functions of the Wheat Board so far as the 1920 crop is concerned, and the permitting of the marketing of the coming crop in the normal manner. The fact that the United States has decontrolled the market in grains and flour, and that there is no longer in that country embargo upon imports of wheat or flour, appears to have been the prevailing influence in a decision which is of very great importance. In abolishing an artificial price for a basic commodity like wheat and leaving it to find its own level according to the laws of supply and demand, a step of the first importance has been taken in removing trade from the artificial basis upon which it was placed during the war to the natural and healthy conditions of peace. The importance of the step remains, whether the price of grain moves upward or downward from the artificial figure at which the 1919 grain crop has been marketed.

That the renewal of control should be disliked by the farmers of the West is not a matter of surprise. Nobody cares to have an assumed market at a high price for his product removed from him, and to have substituted in its place the changes and chances of ordinary trade. But apparently the farmers do not see that the attitude they are taking is the ultra-protectionist line which they so vigorously denounce in other folk. In short, they want high protection for their products; free trade in the goods they purchase. They may be able to persuade themselves of the logic of this attitude, but they certainly will not persuade anyone else. There is a very well defined suspicion, a suspicion that has indeed very considerable evidence to support it, that the farmer has benefited as much as any class of the community, except perhaps munition makers, as a result of the war, and the present desire to maintain an artificial price for wheat at other folks' expense, is scarcely likely to pass for anything else than it really is—an attempt to continue special privileges which may have been desirable under certain con-

ditions, but the desirability of which has now ceased.

As regards the outlook for the future price of wheat, it was pointed out in this column last week that the numerous circumstances suggest that the farmer of this continent is likely to get a fair reward for his toil. At the same time, it is to be borne in mind that the nations of Europe, however keenly they may desire to make additions to their wheat stocks, and to resume the full wheat loaf, cannot be expected to buy anywhere else than in the cheapest market, and that while exchange remains heavily against them, they are likely to restrict their purchases as much as possible. In this connection, it may be suggested that the fact that the pound sterling is worth considerably more in Montreal than it is in New York is likely to be of some advantage to Canada, although, of course, Canadian wheat will have to take its chance with American wheat in the open markets.

A small paragraph in the newspapers the other day informed the public that an application has been filed by the railways of Canada with the Railway Commission for a flat increase of freight rates in Canada to the extent of 30 per cent. In a general way the reasons for the application may be summarised as the vast increases in wages, materials, and operating expenses. It is safe to say that a good deal more will be heard of this matter before long, and that it will probably involve one of the biggest contests that has ever been in the Dominion on the subject of railway rates. The question is not merely one of rates, but it involves the whole subject of the principle upon which the nationally owned railways are to be run, whether in the future their deficits are to be made up as in the past by drafts upon the public exchequer or whether the railways are to be self-supporting. Some American financial observers are inclined to credit reports that Montreal interests have been accumulating considerable amounts of Canadian Pacific stock at its recent low levels in the expectation of a favourable outcome of application. This seems a rather far-fetched theory; if such accumulation has in fact taken place, it is more likely to be