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THE GENERAL FINANCIAL SITUATION

The fact that the latest figures of Canadian trade, those for the month of November, do not show any falling-off in Canadian imports as a result of adverse exchange, should not cause surprise. Under present circumstances in Canada, when a great number of people have a good deal more money than they know how to spend or use wisely, any results of adverse exchange upon our imports, are likely to be quite gradual. Imports for the month in question, in fact, reached the record figure of $92,718,270, an increase in comparison with November, 1918, of approximately 19 millions. The greater part of this increase is probably to be accounted for by the rise in values of essential commodities, but examination of the figures shows that not only are many articles of the luxury class being imported, but also that many classes of products and manufactured goods are included in our imports which are not only produced in Canada, but exported in fair volume. This is a long-standing anomaly in Canadian trade, accounted for, doubtless, to some extent, by the facts of geography, and an insufficiently developed system of domestic distribution. Whether the anomaly can be overlooked to any notable extent, as is usually supposed, is perhaps doubtful, but at all events, the fact seems worth more detailed consideration from Canadian economists and associations of business menthan it has hitherto received.

Possibly one gradual result of the present conditions of exchange, particularly if they are long-continued as a consequence of the failure of the United States to extend credits to Europe, will be to increase European imports into Canada at the expense of imports from the United States. Under present-day conditions goods which would cost approximately $5 in the States can be purchased in Great Britain around $4, and the higher freight rates on the British goods is to some extent compensated for, from the point of view of the consumer, by the lower Canadian customs duties payable. It is, however, possible to exaggerate prospects in this connection by failure to take into account the enormous demand of the European countries themselves for their own products. Two interesting examples of this have come under our own notice within the last few days. The first case is that of a British food product with a world-wide reputation, supplies of which were necessarily cut off from Canada during the war. They have not yet been renewed, not through difficulties in manufacture or shipping or unwillingness to resume former trade conditions, but simply because the home demand for the product has increased to such an extent as to absorb the full capacity of the factories, which cannot, in fact, meet this demand and that by a very large margin. The other case is that of French china. Output in this instance is seriously hindered by shortage of fuel and skilled labour, but even if it were normal, could be entirely absorbed in France, so great is the demand. Facts of this kind show plainly enough that too much stress can easily be laid upon the possibilities of the development of imports from Europe as a result of adverse exchange, until in course of time—but apparently of some long time—production gets closer in line with world-wide demand.

Comparison of the decline in the banks' notice deposits following the flotation of the latest Victory Loan, with the similar movement following the flotation of the 1918 Loan, indicates that a very fair proportion of the new Loan was paid up in full at the time of subscription. The present decline in notice deposits of $125,000,000 to $1,137,858,277 compares with one of $177,000,000 to $939,329,271 in November, 1918. The decline is naturally smaller, the present Loan having only reached a total approximating $600,000,000 compared with $800,000,000 for the 1918 Loan, but the figures suggest that fully as large a proportion of the Loan was paid for in cash as was the case a year ago. This view is confirmed by the movement in the banks' call loans for the month of November. These loans increased by $21,205,079 to $121,754,469. The increase is a very substantial one, but by no means of heavy proportions, considering the scale of the financing undertaken.

The traffic figures of the Canadian Pacific Railway for the month of November show afresh the considerable strain which rising expenses are putting upon transportation corporations, whose rates

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