Monetary Times

Trade Review and Insurance Chronicle of Canada

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One Year	Six Months	Three Months	Single Copy
$3.00	$1.75	$1.00	10 Cents

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870 The Trade Review, of Montreal; and the Toronto Journal of Commerce.

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PRINCIPAL CONTENTS

SELLING CANADIAN GOODS ABROAD

SOONER or later this country must build up a substantial surplus of exports over imports, and maintain that surplus for an extended period. This will not make Canada rich, but will merely enable it to pay the interest on the immense sums which have been borrowed abroad. A large part of our exports will no doubt for a long time to come consist of raw materials, the product of our farms, forests, mines and fisheries. But in adopting protection with its consequent high costs we have imposed a handicap on these industries, which must be offset by the export of products of our manufacturing industries whose existence and success is made possible by the tariff.

Canada has not in the past been able to build up a permanent surplus of exports. The favorable balances of the fiscal years ended March 31, 1916, 1917, 1918, and 1919 were the result of war conditions. The only favorable balances on record before these years were in 1880 and in the four years 1895 to 1898. In every case the surplus has quickly disappeared when the special conditions causing it were removed. The war-time surpluses were due to the unusually large exports to the United Kingdom, France and other allied countries. In the twelve months ended September 30, 1920, our exports to Great Britain were only $375,461,000, compared to $549,209,181 in the preceding twelve months, and to $712,670,404 in the twelve months ended March 31, 1918. The exports to France were, for these three years, $43,941,390, $73,688,731, and $131,460,692 respectively. These reductions reduced our total exports from $1,358,419,580 in 1918 to $1,210,541,387 in 1919, and to $1,208,919,175 in 1920, being made up in part by increases in exports to other countries.

This is the national aspect of our foreign trade problem. It has also a practical significance to Canadian manufacturers, who build up a large war-time business abroad under the stimulus of a world-wide scarcity of goods, and who must now build up an efficient export organization if their scale of operations is to be maintaind under the more keenly competitive conditions which will prevail in the next few years. Foreign business is a new field for most Canadian manufacturers, and it is one in which success is to be achieved only after years of preparatory work. A comprehensive survey of the situation is made in the series of articles, the first of which is published in this issue of *The Monetary Times*, by Col. C. R. Hill, who has made a close study of the question and whose firm has already been of service to many Canadian manufacturers since it was organized last year.

The suggestions made in these articles are practical, dealing with export organization at home and abroad, agencies, sales campaigns, financing, shipments and packing, and the numerous details which must be considered in foreign business. While Canada is not dependent on foreign business to the same extent as are countries like the United Kingdom, whose prosperity has been built up in this way, yet Canadian manufacturers will benefit to the extent that they can advance our products to the manuactured stage, rather than have them exported merely as raw materials.

FACTORS IN PRICE REDUCTION

BUSINESS men are no longer deceiving themselves as to the trend of business on this continent. Quietness has been rather more in evidence across the border than in this country, for there prosperity had reached its maximum and New York exchange was at a premium in almost every other country. It was expected therefore that the United States would be the first to feel the change, and this expectation has been realized. The industrial and commercial situation in Canada, it is pointed out by the Canadian Bank of Commerce in its November *Commercial Letter*, is influenced to so great an extent by the movements of commodity markets in the United States, particularly those of domestic raw products, that the continued fall on the part of cotton and wool, combined with a determined effort on the part of growers to hold their stocks for higher prices, cannot fail to have an unsteadying effect on Canadian manufactures.