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THE GENERAL FINANCIAL SITUATION.

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as applied to a bond issue of \$400,000,000 — or \$560,000,000 if conversions be reckoned. With the exception of the first Liberty issue of 3½ per cent, which carries full exemption from all United States income taxes, the Liberty Loans so far issued are at a discount of several points in the New York market, notwithstanding that the second loan bears 4 and the third, 4¼ per cent. interest. The second and third loans, however, do not carry and exemption from supertaxes; and they are therefore not so attractive to wealthy capitalists whose supertaxes are very heavy.

Call money in New York is held firmly around 6 per cent, the bankers not lending any encouragement to theories that money will work easier shortly. They have the great American crops to finance, and that will engage their full energy. In the Saturday statement the New York Clearing House banks reported a \$10,000,000 decrease of excess reserves—the total falling to \$30,000,000. This resulted largely from a drop of \$90,000,000 in Government deposits.

THE SITUATION WHEN PEACE COMES.

Sir John Willison in a recent address given at Galt, Ont., asks the question what will be the situation in Canada when peace is restored? About 250,000 workmen engaged in the manufacture of munitions and war supplies will have to be provided with other employment.

Many factories not directly producing munitions or filling war contracts have an indirect relation to the war industries. In greater or lesser degree their staffs and plants are engaged in furnishing material and supplies for war purposes. For the time the whole industrial fabric rests upon a war basis. Inevitably there will be shock and dislocation when the war ceases. Not only will industries employing a quarter of a million of men have to be readapted to a state of peace but between 300,000 and 400,000 soldiers will return from Europe for whom places must be provided. In short between 600,000 and 700,000 men released from military service or from war industries will have to be placed on the land, in the factories, in the shops, in the professions or

in such other positions as they may desire or as may be available. Since many of these men have families altogether at least 1,500,000 or possibly 2,000,000 people will be vitally affected by the withdrawal of the armies from the field and the cessation of war orders for Canadian factories.

We will fail grievously in duty to the soldiers if we do not provide the employment they will have the right to demand when they return to Canada. We should know before they embark for home what every soldier in the Canadian army desires to do, for what work he is best fitted, at what point he should be demobilized, and where he can be placed in a profitable occupation if the position which he held before enlistment is not open. Many of those who will come back to us are young men who, as has been said by a special correspondent of The Toronto Mail and Empire, enlisted from High Schools, colleges and universities, who had never worked, and who have spent in the army the years in which they would have been making places for themselves. Many of forty years of age or over will come back after long service without money or occupation, and with initiative and energy impaired. "Leaders of thought in the army" says this correspondent "favor the return of men from Europe to immediate occupation in Canada. They fear the effect on the men of a long period of idleness. They are anxious that other fields of labor than agriculture should be provided. Farming will appeal to but a small percentage of the army. Years in the turmoil of war, its excitements and associations, is not the best of training for the quiet life of the prairie farm. Industrial expansion in Canada must come if the army is to be provided with occupation." After the Civil War the United States disbanded an army of over 1,500,000. But the Republic had a population of 30,000,000 or 31,000,000 while we have 7,500,000 or 8,000,000 people. In the North the army was re-established in civil life without any serious season of unemployment or any general social disturbance but we have proportionately a far graver industrial problem and very different social and political conditions.

A Great Debt.

Not only will we have to provide occupation or support for 1,500,000 people but we will carry a tremendous financial obligation. Thus far the greatest revenue we have raised in any year was \$170,000,000. When the war is over in order to meet pensions, interest and the general purposes of government our annual charge will be \$350,000,000 and possibly \$400,000,000. If we are to bear this load it is vital that the production of farm and factory should be increased, new industries created, old industries expanded, home markets enlarged and exports of manufacturers and farm products multiplied. The Provincial Governments all across the country show a disposition to vote liberal appropriations for agriculture. A like disposition is manifested by the Dominion Government. In this field all the money necessary for research, experiment and production can be

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