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THE GENERAL FINANCIAL SITUATION

(Continued from front Page)

States will affect it considerably. No coal supplies are now coming forward into Canada, while a cut in railway freight services as a result of shortened fuel supplies should this come about, will have as a national consequence a congestion of traffic, and failure of freight to reach shipping points.

Governor Harding, of the Federal Reserve Board, in a letter issued this week dealing with the causes of the recent break on the New York Stock Market, confirms the view taken in these columns that the break was entirely due to perfectly normal causes, and that speculators had plenty of warning in regard thereto, and have no one but themselves to blame if they were "wiped out." The Board had made the specific announcement, Governor Harding points out, that it would not sanction any policy which would require Federal Reserve banks to withhold credit demanded by commerce and industry for the success of production and distribution in order to enable member banks to furnish cheap money for speculative purposes. "The high rates for all money," he continues, "which had prevailed for several weeks and intermittently for several months past, were in themselves very clear indications of the strained position into which the unbridled speculation had thrown the stock market. A readjustment was rendered inevitable unless the resources of the Federal Reserve banks were to be directly drawn upon for stock market purposes."

In regard to the further fall in the exchanges, financial opinion in both London and New York holds that the action of the Senate is directly responsible for it, and that had the Treaty been passed by the Senate, means would have been found for providing credits to European countries, which would have the effect of correcting exchange and put international trade upon a sounder basis. That much harm is being done to limited States trade and finance by the present course of events, is freely admitted by New York critics, one of whom, after drawing attention to

the existing enormous balance of trade with Europe in favour of the United States, writes: "The question of the future is, how soon and how far Europe's reduction of purchases from the United States and its increase of sales to us will alter the existing balance. For the moment, such a change, on any large scale, is prevented by the famine in Europe of food and materials of manufacture, and by the delay in starting up European production at its old time magnitude. But every motive of the outside world, and all economic experience, points to the ultimate certainty of such a change. The question, therefore, which confronts our merchants, bankers and statesmen, is whether to endeavour by far-sighted measures to preserve and encourage our trade with Europe, or to rest in blind reliance on the permanency of the present utterly abnormal world conditions. To the outside observer, this course of events in this connection recently merely illustrates afresh the parish-pump characteristics which are constantly in evidence at Washington, and which, even given other favouring circumstances, will always prevent New York fulfilling its often talked of ambition of becoming the world's financial centre.

A story which comes from Germany is worth repeating. It seems that since the armistice, a number of capitalists of the Allied countries have invested heavily in such German industries as dyestuffs and potash, and have willingly paid (in German money) very high prices for such interests—the depreciation in exchange making these high prices worth while. The Germans are now taking away voting power from the stocks, substantial blocks of which were thus purchased, and vesting it in newly-created stocks, to be held by no other than Germans. Thus the Germans are maintaining their hold on their industries, while securing the use of the foreign capital invested in them.

TRAFFIC RETURNS.

Canadian Pacific Railway

Year to date	1917	1918	1919	Increase
Oct. 31.....	\$121,068,000	\$123,652,000	\$139,280,000	\$15,637,000
Week ending	1917	1918	1919	Increase
Nov. 7.....	.....	3,437,000	3,821,000	384,000
" 14.....	3,575,000	3,247,000	4,083,000	836,000
" 21.....	3,582,000	3,582,000	4,111,000	529,000

Grand Trunk Railway.

Year to date	1917	1918	1919	Increase
Oct. 31.....	\$49,929,034	\$47,102,767	\$55,453,532	\$8,350,765
Week ending	1917	1918	1919	Increase
Nov. 7.....	.....	1,342,941	1,421,706	78,765
" 14.....	.....	1,471,654	1,488,716	17,062

Canadian National Railways.

Year to date	1917	1918	1919	Increase
Oct. 31.....	\$63,973,321	\$73,958,932	8,985,611
Nov. 7.....	1,717,270	1,948,591	231,318
" 14.....	1,719,036	1,961,003	241,793
" 21.....	1,884,198	2,108,164	223,956