SURVEY OF THE WEEK

Depression Not Unexpected.

There are some important considerations which should be borne in mind in the present situation in the commodity and security markets, by all who seek to analyze it accurately. These are pointed out by Mr. Charles H. Sabin, president of the Guaranty Trust Company, New York, who says, in the first place, that there is nothing mysterious or unexpected about the present condition in either the commodity or security markets. For months it has been certain, and it has been repeatedly so stated by students of the situation, that there must be a liquidation of commodities, securities and labor before the country (the United States) could fully recover from the effects of the war and be restored to anything like a normal basis.

Painful Processes Inevitable.

''It was inevitable,'' he proceeds, ''that the processes of readjustment should be painful in many respects and in many instances. The regrettable thing is that, as commodity and security prices reached points far above their real value in the boom period, so they are today falling to points far below their real value. Necessary liquidation is proceeding after the manner anticipated, on the whole, but there are yet several steps to be taken.''

Retailer Can't Escape.

The most important of these in Sabin's opinion, is that the retailer should realize that they too must meet the inevitable economic trend and adjust their prices to meet the new conditions. Only in that manner can the situation be stabilized and frozen credits thawed out. And the sooner such a policy is pursued, the less costly and painful it will be to all concerned. The process of deflation must include all the elements in the body economic sooner or later, and there can be no escape from the inexorable law which directs it. Dodging the facts or attempting to postpone the inevitable, will not bring immunity to anyone whether his interest lie in production or distribution, capital or labor.

Retailers Exercise Caution.

A great deal of caution is being exercised among the retail trade in making purchases in the dry goods line, Bradstreet reports. The general tendency is towards lower prices with the exception of a few lines of manufactured goods, the supply of which is not equal to the demand. The British Government has commenced to buy wheat with the result that prices are firmer. A new organization to be called the National Flour Mill's Association has been formed with the object of increasing Canada's flour export trade. At the present time the output of the mills is about eight million barrels per annum, whereas it should be in the neighborhood of twenty million. The new association will also devote attention to improved milling methods.

Grain Exchange Methods Criticized.

Asserting that the conditions in which the wheat producers find themselves is traceable directly to the abolition of the Wheat Baord, and that organized buying abroad should begin with organized selling in Canada, the Hon. George Langley, Minister of Municipal Affairs, in the Saskatchewan Legislature last week, introduced a resolution urging the Dominion Government to re-appoint the Wheat Board. Grain exchange methods, said the Minister, were an outrage. He declared that the majority of the members of the Winnipeg Grain Exchange were simply gamblers and the loots of gamblers. Compared with the methods of the Grain Exchange, these of a central marketing agency, which deducted from the price paid the farmer for his wheat only enough to pay its officers and returned the balance to the producer, said Mr. Langley, were the most economical, judicious and defensible ever adopted in connection with the marketing of a great national commodity.

Canadian Steel in Britain.

There is little probability that Canada will find a market for steel plates in England, according to cable advices received at Ottawa from Mr. J. H. Flood, purchasing and contract agent of the Marine Department, who is now in England looking into the market for Canadian steel plates. It will be remembered that the Government entered into a contract with the Dominion Iron & Steel Company to take a portion of the product of the Sydney plant and dispose of it. Mr. Flood, however, states that German and Belgian competition in the steel markets of Great Britain is now an appreciable factor and that Canada will meet with strong competition. At the same time, it is pointed out, a contract for 2,500 tons of plates for use on hydro-electric construction at Niagara Falls, will be filled in the United States.

Bank of Montreal Statement.

The annual statement of the Bank of Montreal which was published Friday, contains a number of interesting and significant features. It shows that since October 30, 1919, the bank's current loans have increased from $164,182,581 to $223,495,472, a gain of sixty millions. This heavy increase was facilitated largely through the liquidation arising out of the war, the bank's holdings of Dominion and Provincial Government securities having been reduced from almost sixty-four millions to less than fifteen millions. The statement discloses a position which reflects the return to more normal conditions, and at the same time emphasizes the part the Bank of Montreal plays in facilitating the trade of the country. As a result of the larger business handled and the increase in capital from $20,000,000 to $22,000,000, profits for the year show a substantial gain as compared with the profits in 1919, and amount to $4,033,995 as against $3,314,227. These profits, added to the previous year's balance of $1,812,854 and to $1,000,000 of premiums on new stock, brought the amount available for distribution up to $6,846,850. In regular dividends and a bonus of two per cent, the sum of $2,960,000 distributed; $2,000,000 was placed to the credit of rest account, $210,000 war tax on bank note circulation; and $425,000 reserve for bank premises; which leaves a balance to be carried forward into the new fiscal year of $1,251,850.

The Sugar War.

There was a continuation of price-cutting and a general downward trend in the sugar market last week. On Friday there was a decidedly mixed situation. While nominally both the ''Big Four'' and the Dominion Sugar Co., were quoting sugar at twelve cents less five per cent. to wholesalers, it was stated that several had brought large supplies or granulated at 11¼ cents less five per cent., which is the nearest to the ten cent a pound rate that prevailed in the long ago that has yet been reached. The refiners denied that any of them had been selling at so low a rate, but it was apparent that none of them knew much of what their competitors were doing. The same day, granulated was selling from 9.75 to 10½ cents, and at these prices no American sugar could be landed in Montreal, after paying exchange, duty, and freight, for less than 15 cents, so that though it was the prices in New York which started the slump in Canada, the prices here today would seem to be lower that conditions in New York necessitate.

Heads Minimum Wage Board.

Professor J. W. Macmillan, who is known to our readers through his regular contributions on sociological subjects to the ''Journal of Commerce,'' has been appointed Chairman of the Minimum Wage Board for Ontario. Professor Macmillan is now a resident of Toronto. He is Professor of Sociology in Victoria College. Born at Mount Forest, Ont., he graduated from the University of Toronto in 1888. He then took his theological course in Knox College and the Union Theological Seminary, New York. He was pastor of churches in Vancouver, Lindsay, Ont., Halifax and Winnipeg. While in the latter city he was connected with college work, and was head of the Minimum Wage Board of Manitoba. He left Winnipeg a year ago and went to Toronto.

When the Recovery Will Set In.

In a review of the business situation, with special referencce to price-slashing, The Magazine of Wall Street says: That rather amusing psychological characteristic of mankind which leads us to automatically project present tendencies into the indefinite future, leads many business men to be as dejected now as they were enthusiastic a year ago. Then few could see the possibility of lower prices in view of the widespread scarcity of goods. Today hardly any one can see how prices can rally in view of the lack of demand. But the event proved that prices could fall then, and the probability is that they have not lost the power to rally now.

A dull winter is in prospect, but the spring should bring decided improvement.

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