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## The Journal of Commerce

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## The Banks

SEVERAL of our largest banks have held their annual meetings, at which statements of their business during the past year have been submitted. It is gratifying to know that generally these reports have been of a very satisfactory character, exhibiting both efficiency of public service and prosperous returns to shareholders. The banks have at all times an important part to play in the development of the country, and that part has been made increasingly important by the war conditions of the past three years. Our banking system does not entirely escape criticism; few human institutions do; but on the whole it has proved itself well adapted to the work which it has undertaken. Its adaptability to the commercial and manufacturing business of the country has been generally admitted. There has been complaint that it did not serve so well the interests of the farming community. In this respect we think there has been an improvement, not so much because of any important change in our banking laws, but because there has been evidence of an earnest desire on the part of the bankers to go as far as possible in meeting the reasonable wishes of the farming community. The financial situation created by the war was a grave one, requiring intelligent and cordial co-operation of financial institutions in meeting the demand for money. The banks, with other large corporations, have responded heartily to the need and have helped to keep the wheels of business moving regularly and effectively.

Throughout the addresses of the Presidents and Managers of the banks to their shareholders runs a note of cheerful optimism, accompanied very properly by urgent appeals for greater production of the essential things, greater economy in all things, and less expenditure on the things that are not essential in war time. This is a lesson that has been heard often during the past three years, but it must be repeated over and over again, and our leading bankers do well to impress it on the public.

A notable feature of these bank reports is the proposal made by Mr. E. L. Pease, Managing Director of the Royal Bank, that consideration be given to the expediency of extending our banking system by the creation of what has been called a bankers' bank—a bank for re-discount—somewhat on the lines of the Federal Reserve Bank of the United States, through which the member banks largely increase their resources for meeting the demands of the general public. The system, which has now been in operation in the States for several years, appears to be working well. Mr. Pease does not go further than to suggest that the matter be inquired into, to see whether something of the same character may not be useful in the new conditions that

are arising in Canada, and to this extent his suggestion will meet with wide favour.

## The Quebec Budget

HON. Walter Mitchell, Treasurer of the Province of Quebec, had a pleasant task in delivering his budget speech on Thursday. Quebec has shared in the prosperity of the Dominion generally. Mr. Mitchell claims that he has practiced as well as preached economy, and presents a statement respecting the revenue and expenditure of the last fiscal year, ending June 30 last, which, on the whole, is satisfactory. The chief figures of the year's operations are thus summarised:

"The Treasurer then turned to the question of the finances, showing that the estimates of the revenue and expenditure for the fiscal year ended 30th June, 1917, had anticipated an ordinary revenue of \$9,222,847.28, and an ordinary and extraordinary expenditure of \$9,010,088.28, which would have left an estimated surplus of \$212,758.99; whereas, the actual results of the year's operations were greatly in excess of these estimates. The ordinary revenue for the twelve months, closed on the 30th June last, amounting to \$10,441,113.71, and the ordinary expenditure to \$9,847,173.10, which left a surplus of ordinary revenue over ordinary expenditure, of \$593,940.61. But from this must be deducted the extraordinary expenditure paid out of ordinary revenue, and amounting to \$60,500, which gives an actual surplus of ordinary revenue over both ordinary and extraordinary expenditure of \$533,440.61, from which was paid the sum of \$375,000 on account of the \$1,000,000 subscription to the Canadian Patriotic Fund, authorized during last session, leaving, therefore, a surplus of \$158,440.61. The actual revenue was more than the estimates by \$1,218,266.43, and the estimate of the ordinary and extraordinary expenditure was exceeded by \$897,584.81. . . . The funded debt was \$38,777,095, an increase of \$957,157."

For the six months of the current year, 1917-8, the receipts have been in excess of the receipts of the corresponding period of the previous year, and the result of the year's operations is likely to be favorable. For the next year 1918-9, the Treasurer estimates an ordinary revenue of \$10,293,484.20, and an ordinary expenditure of \$10,019,243.68, which would leave a surplus of \$274,240.32. That year, however, is too far away to admit of very close estimates. The Treasurer may later have to modify some of his figures—perhaps the odd dollars and cents.

Mr. Mitchell devoted a considerable part of his speech to the question that has arisen between the Dominion Government and the