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THE GENERAL FINANCIAL SITUATION.

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Publication of the Canadian trade figures for the month of December throws some interesting light on the present-day position of our export trade. It is now well-known that there has been a distinct easing-off in the demand from Europe for our grain since the signing of the armistice and that much larger stocks of grain and flour are being stored here than had been expected. As a result, banking credit is being tied up somewhat unexpectedly in the financing of large stocks, and it is expected that the December bank statement will, in consequence, show the Canadian current loans and discount of the banks at an exceedingly high level. Our exports in December, which totalled \$107,474,401 were the lowest of any month in three years, while on the other hand, imports of \$73,341,265 were the largest on record for the month. Consequently, the December balance of exports over imports was reduced to \$34,000,000 against \$86,000,000 in 1917, \$62,000,000 in 1916 and \$46,000,000 in 1915.

The totals of our trade for the twelve months of the calendar year also show a very marked falling off in comparison with the record of the year preceding. Our exports during 1918 totalled \$1,229,208,244, compared with \$1,547,430,855 in 1917, \$1,091,706,403 in 1916, and \$614,129,845 in 1915. Imports were \$906,670,404 in 1918, \$1,005,071,716 in 1917, \$766,501,512 in 1915 and \$450,517,774 in 1914. Thus Canada's favourable balance of trade for 1918 is cut to \$322,537,840 against \$542,359,139 in 1917, but it still compares favourably with 1916 when the balance was \$325,204,891 and with 1915 when it was \$163,612,071. The course of our foreign trade during the current year depends apparently mainly upon our success in getting orders for purposes of re-construction. As to this, it may be said to be becoming more apparent that the main demand from Europe will be for our raw materials, and not for our manufactures. Industry in the principal Allied countries, keyed up to a point of efficiency unknown before, by the demands of the war, is being rapidly switched over to purposes of reconstruction, and it seems likely that Canadian manufacturers will not find much "velvet" in Europe under the new conditions, although no doubt, enterprise and energy by individual manufacturers will meet with a reasonable reward.

It may be noted that the Minister of Finance has now removed the prohibition upon issues of new securities of all kinds without his consent, and once more security dealers and company promoters are free to put forward their flotations as they please. The opinion has been expressed that the removal of this precaution will be followed by an outpouring of new security issues of a not very desirable character from which the ignorant investors should be protected. There are ways and means of protection, which under certain circumstances are desirable, but it may be said that the present outlook is that there is not likely for some time to be any boom in new industrial offerings locally, until conditions become decidedly more settled.

BUSINESS "READJUSTMENTS."

Much has been said of "readjustment" by persons who seemed to suppose that it was an easy process partly to be carried through by Government aid and in any case involving nothing more serious than the name itself implied. It is still proper to hope that such an outcome may be realized. The thoughtful man should, however, frankly recognize that the indications of the day are all against any such ready settlement of the economic problems growing out of the war and should try to prepare himself for possibilities of many kinds.

How can demand be increased, operations maintained at their present level and labour be offered continuous employment? Only by bringing about a readjustment of conditions which will enable consumption to be resumed upon a normal footing, free of the artificial disturbances of the past two or three years. For many months past, luxuries have been freely produced, but necessities have been in scant supply and their prices have been almost as great as those of the luxuries. Ordinary goods have been out of the reach of many of those who ought to have bought a good deal more freely but who failed to do so simply because they had not the means. The end of the war came most opportunely to prevent a very serious disorganization of living conditions, and a still more serious depression on the part of the so-called middle classes of consumers. It is, however, over, and what must be done now is to restore the regular and normal relationships between buyers and sellers, producers and consumers. The theory that, as a result of the war, some new situation has been brought about which cannot, or at least should not, be changed is erroneous. The longer such conditions last the longer it will take to recover from them eventually. Our community will be wise to meet the situation now and to accept a period of industrial reorganization which will place us on a permanent and solid basis.

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