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## THE OUTLOOK

The anniversary week of the opening of the war finds Canada in a better economic position than could perhaps have been hoped for a year ago. Thanks to the "sure shield" of the British Navy, no hostile force or ship has approached our shores, and we have been able to grapple with the multitude of problems that have arisen, problems of arms, of statesmanship, of finance, of commerce unhampered by the necessity of repelling actual invasion or even bombardment. The numerous problems besetting us have not all yet been settled permanently. But it can be said that the flux of time already shows that the measures which were promptly taken a year ago to safeguard our credit structure were wise and statesmanlike, and that from the record of the past twelve months it is possible to look to the future with confidence. The difficulties that have still to be overcome are undoubtedly great. But they can be approached with a feeling of confidence that in due course they also will be surmounted.

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It was a fortunate thing for Canada that for two years previously to the outbreak of war, the credit situation had been kept well in hand. The outbreak of war cut off our supplies of capital from London, on which we had been relying to maintain a prosperity that was in some respects artificial, and threw the necessity upon us at once of meeting enormous obligations abroad out of our own resources. As it is, we have been able to eke out those resources by borrowings in the United States which in the aggregate reach a considerable amount, and our trade returns give satisfactory evidence that we are coping satisfactorily with the problem of paying our way abroad. For the first three months of the current fiscal year, to the end of June, our exports totalled \$118,271,486 against imports of \$98,565,808, giving a favorable balance of \$19,705,678. In comparison with recent years, such as 1913, when the surplus of our imports over exports was 300 millions, these figures are remarkable and an excellent omen of what our international financial position is likely to be when the grain movement has got well under way. Reports to hand continue to speak favorably of prospects in this connection. Mr. Bury, vice-president of the

C.P.R., places the new wheat crop at 250,000,000 bushels in comparison with a crop last year of 160,000,000 bushels. If this estimate is anywhere near realised the results which will accrue to the agricultural community at the current high prices will be very handsome indeed.

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It is upon the sound and orderly development of our agricultural and other resources that we must mainly depend to carry Canada through the critical years that are still ahead. The supply of war materials and equipment has helped us to a certain extent and will continue to help us, but it must not be forgotten that the activity in these lines is merely transient and that sooner or later, plants now busy on these orders will have again to adjust themselves to changed conditions, and get back to a normal basis of peace production. Hence the still urgent necessity of greater production along normal lines and of steadfast economy in both public and private expenditure, if we are to continue to meet our obligations abroad at the close of the war, and to bear as easily as may be the burden of new taxation which it seems certain will have to be imposed.

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As regards the longer future, there is the prospect that the end of the war will be followed by a large emigration movement to Canada, and that the British investor will be again disposed to lend us freely his funds. As to this the Journal of the Canadian Bankers' Association judiciously remarks: "There are those among us who are even now crying out for the time when we shall again be able to borrow freely in London. Very good, but for what are we to borrow? If the Canadian banks are to retain and increase the high position in British finance that they hold to-day, they must do their utmost to see that when we do begin to borrow once more in the London market, or for that matter in any market, our borrowings shall be for legitimate and useful purposes." It will certainly be incumbent upon the banks to fulfil this duty. If the close of the war is to be followed by another burst of stock-watering and land jobbing, we shall have failed to learn at least one lesson from present circumstances, that sobriety of progress is essential to permanence of prosperity.