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THE GOLD MOVEMENT.

The remarkable gold movement to New York this week reached a total of over \$150,000,000. Of this total there has been sent from Ottawa to New York \$82,746,000 and \$61,200,000 from Ottawa to Philadelphia, for account of the British Government. These gold movements are serving as a bridge for the payment for Europe's necessities purchased from the United States between a period of heavy realisation of the European holdings of American securities and the completion of plans looking to the creation of new credits, on this side the Atlantic, to the Allied Governments, these credits being based on the securities which have lately been mobilised for the purpose by the British and French Governments, and the gold imports in part at least serving as a reserve for them. The heavy realisation of securities was stopped and a change made to payments in gold, it is stated, on account of its appearing that the immediate capacity of American investors for absorption had been about reached.

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A fairly accurate idea of the foreign account that must be paid in New York or financed by means of deferred obligations may be drawn, as the New York Journal of Commerce points out, from the statement of United States external trade just completed by the Department of Commerce. For the year ending May 31 the declared value of United States exports of merchandise showed the unexampled total of \$4,136,000,000, or approximately \$1,500,000,000 in excess of that of the preceding twelve-month period. Importations have also made large advances. But the excess value of exports over imports exceeds two billion dollars (\$2,026,000,000), which compares with less than a billion dollars (\$983,000,000) for the year ending with May, 1915. Thus in the two-year period, which very closely spans the activities of the European war, an excess of three billion dollars has accumulated in the value of United States exportations over importations. Meanwhile the net inward gold movement

as an offset to this large balance has been \$407,000,000, still leaving a balance of approximately \$2,600,000,000. There are numerous offsets to such a balance. The offsets have been largely in the form of loans by American banks, bankers and investors to foreign governments. Even more specifically they have taken the form of the return to the United States of American securities by their former foreign holders. It probably is not very wide of the fact if it be taken for granted that one-half, or in round numbers \$1,500,000,000, of the so-called trade balance has been extinguished by this specific form of payment.

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The necessity for the creation of further credits arises from the fact that American exports of munitions to the Entente governments continue on an undiminished scale, and facilities for additional payments must be arranged. Hence the plans for new credits and the solicitude of the British government for the welfare of the New York market in order that further enormous amounts of securities hitherto held in Europe may be liquidated and the credits arranged to the best advantage. The present remarkable gold movement may be expected to cease on the completion of new credit arrangements.

LOOKING FORWARD.

(Continued from front page.)

probably Russia herself will not be in any financial condition to pay cash for immediate necessities from across the Atlantic or anywhere else, however urgent may be the need for them. It seems at least within the realms of possibility, as has been suggested, that if Canada is to take a notable share in the provision of Europe's immediate necessities after the war, she must be prepared to take a share of the financing of those necessities in the same way that we have given a hand in British financing of the war through our credits of \$150,000,000.

The really important point to bear in mind is that pre-war conditions will not be restored at the conclusion of peace, but that entirely new conditions will have to be met with, which will call for as novel expedients as those which the war has inaugurated. Meantime, if present hopes and expectations lead to a deeper consideration of the wisdom of conservatism and steady preparation for new tasks and responsibilities, they will have done a good deal of good, even if events show them to be over-sanguine.

An interesting new development, designed to assist in steadying American exchange, is the giving of permission to the leading British municipalities to make issues of their securities in New York, free of all British taxation.