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THE GENERAL FINANCIAL SITUATION.

The business community has been interested in the statement of views recently made by Hon. T. A. Crerar, who seems destined to become leader of the new Farmers' Party, when it makes its appearance, which it, no doubt, will do at an early date in Federal politics. Mr. Crerar, and the Canadian Council of Agriculture, whose platform he was expounding, believes in direct taxation instead of indirect taxation, income and inheritance taxes instead of the tariff as a means of raising revenue. While possibly the issue may be postponed for some time, the trend of events makes it clear enough that at no distant date, the question of the tariff, and of the fiscal policy of the Dominion generally, will again become a leading issue in Federal politics, with the new Farmers' Party definitely in favour of a live tariff and increased direct taxation. This week, also, the tariff has been receiving attention at the hands of the Canadian Manufacturers' Association, a deputation representing which has made representations at Ottawa in favour of what may be described as a "non-political" permanent tariff commission. That the tariff is to be the subject of an enquiry by a Cabinet Committee in the immediate future is well known.

The order of the Board of Commerce restricting the profits of retail clothiers at Toronto with the possibility that the order may be made Dominion-wide in its operation, is an interesting development. In effect, of course, the order to the clothiers is to keep their overhead expenses within certain bounds. The fact is notorious that retailers' overhead has a great deal to do in swelling the price to the consumer of commodities in common use, but that the public is itself largely responsible for this, there is no manner of doubt. If the public insist on purchasing in stores where rent and taxation charges are enormous and requires a variety of expensive services in connection with the sale and distribution of merchandise, the public can scarcely grumble if the retailer includes charges for these services in the prices of his commodities. If he did not so include them— he would not be long in business.

But, conceding the fact that retailers' overhead is an important item in the cost of commodities, to the consumer, it may be doubted whether any very far-reaching effects upon prices are likely to be achieved under present circumstances by a restriction of overhead expense. Restriction of overhead expense does not go to the root of the matter of existing high prices. At best, the restriction of overhead expense is merely a palliative. Certain cases of extravagance in distribution expenditures may be thus stopped, but the real root of the trouble, shortage of production and extravagance in consumption is not thereby touched. The Board of Commerce is, no doubt, doing a useful work within its powers, but the inexorable law of supply and demand remains.

Some reference was made in this column last week to Canadian trade conditions as shown by export and import statistics, and it may be interesting to comment upon the further detailed figures now available. It appears that during the month of October, the balance of exports over imports was at its lowest figure since the month of June, an increase in exports during the month of 4½ millions to \$109,446,814, being more than counter-balanced by a rise in imports of 5½ millions to a record high figure since the armistice of \$91,910,477. At the various classifications of exports, the most interesting changes in comparison with October of last year are shown under the heading of wood products, including paper, which reached a total last month of \$23,966,699, or more than double their total of twelve months ago, which was only \$11,177,523. Agricultural products were down slightly in comparison, being \$28,713,366 against \$32,683,106 in October of 1918. Animal products on the other hand are up to \$29,390,857 in comparison with \$25,347,561. It is interesting to note that iron and steel exports are being maintained even in comparison with the period when hostilities were actually in progress, being for last month \$6,691,422 against \$6,636,762 a year ago. With regard to the immediate outlook for Canadian trade there is, no doubt, that a prolongation of the coal strike in the United

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