

The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY



Vol. XXXV. No. 29

MONTREAL, JULY 16, 1915.

Single Copy 10c.
Annual Subscription, \$5.00

TRADE AND THRIFT.

Our trade returns begin to wear a healthier appearance. Undoubtedly we are making progress, and if that progress can be steadily continued for some time to come, there will be no reason for a lack of confidence regarding the future. Three years ago in 1912 our imports stood at \$512,000,000 and our exports at \$303,000,000; in 1913 imports went up to \$660,000,000 and exports to \$367,000,000. Our borrowings in London, and to a lesser extent elsewhere, sufficed to fill the gap at that time. Now things have entirely changed. For the first two months of the new fiscal year, April and May, our exports were about \$70,000,000 against imports of \$62,800,000; exports for May only were \$42,000,000 against imports of \$34,000,000. Moreover, in the latter month our exports of manufactured articles attained important dimensions. They reached \$16,000,000 against \$6,000,000 in May last year and in April and May together our exports of manufactured articles totalled \$29,000,000 against only \$10,000,000 during the similar period of 1914.

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The change has, of course, been brought about through the shipments of munitions and equipment which are now taking place. These also are likely to gain increasing momentum during the remainder of the year, so that it seems not too optimistic to anticipate that these exports of manufactured goods will, of themselves, provide this year for our indebtedness in London, which is estimated at from \$140,000,000 to \$150,000,000 annually, aside altogether from our staple exports of wheat, flour, etc., which this year, providing that adequate shipping arrangements can be made, should reach very satisfactory figures indeed. Certainly, the position of the Dominion is gradually being made much stronger.

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But the fact that such substantial progress has been made does not imply that we are yet out of the wood or that there should be any let-up in the efforts after greater production and rigid personal economy. In addition to having to meet the interest annually on the vast sums which we have borrowed abroad, Canada is at present spending very large amounts on the maintenance of an army in

the field. Those funds are being borrowed from the British Government, and that they are being borrowed in silence does not mean that they are not running up to enormous dimensions, on which in due course interest payments will have to be made, those interest payments being provided by additional taxation. Those optimistic people who think that we are now seeing the worst in Canada of war taxation, are likely to have a rude awakening one of these days. Further, while war munitions and army supplies are now playing a very useful part in supplying us with necessary funds to meet our obligations abroad, they will not continue indefinitely to do so, and probably enough, the income from this source will cease before we are able to supply an equivalent amount for our needs as before by borrowing. The necessity then rests upon us of both production for export to the maximum, of things the demand for which is not dependent upon the length of the war, and of accumulating to the greatest possible extent our own resources to make good any deficit that may not be provided for by production, and to keep within reasonable dimensions, the amount of our foreign borrowings. Production and thrift must go hand in hand—the energy to produce for sale to others abroad with the willingness to go without for one's self, in order that the tale of interest due abroad may be met, and if possible, the national mortgage reduced.

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One effect of the war is likely to be the retarding of the development of the newer countries of the world. Canada perhaps is likely to be affected to a lesser extent in this respect than other countries not within the British Empire, e.g., the South American republics, owing to the probable tendency among British investors after the war to devote largely their capital to the building up afresh of the financial resources of the British Empire. But it would be a poor sort of Imperial spirit which left this task entirely to the British investor and did not have courage enough to follow the path of self-denial in Canada with things "that please the eye and catch the fancy" in order that the Dominion may do its part in this great work.