

Allow No Legitimate Business to Suffer

Sir Edmund Walker of the Bank of Commerce Says that the Situation Is Serious But There Is no Cause for Despair—Some of the Changes Likely to Take Place—The Need of Developing Agriculture to Increase Our Exportable Surplus.

Sir Edmund Walker, President of the Canadian Bank of Commerce, gave out an interview to the *Journal of Commerce* recently which summed up our present economic position. He said in part:

"I am frank to confess that there are very dangerous elements in the present economic situation of Canada, but there are absolutely no grounds to despair. The business of this country had for a year or more been in a process of liquidation, and the banks were in a relatively strong position when the war storm burst upon the world. The Canadian banks have met the situation admirably and with fine courage. Speaking for the Canadian Bank of Commerce, I can say that it has taken care of its customers to the fullest extent. Of course, as credits expire we are very careful in advancing accommodation, for above all, both for our own safety and for the good of the country, our assets must be kept liquid. But I can assure you that no legitimate business has suffered, or will suffer, so long as we can protect it.

"Let us glance at the field of manufacturing first. Undoubtedly the market will be greatly circumscribed for some lines—automobiles, pianos, and, in a word, those goods which may be fairly termed luxuries. Even those people who can afford to buy these goods will not fail to economize in these dark days. We may expect, therefore, that those manufacturers who are producing luxuries will find that their business will be greatly restricted at this time. This is so obvious, that I do not need to emphasize the fact.

"But in other directions our manufacturers should find a fine market for their products. Flour milling, the boot and shoe industry, sugar refining, the cotton industry and similar lines of economic activity should be stimulated by the war. Indeed, at different sections of the country you will find factories that are producing such goods working to the fullest capacity. This is true because foreign importations have been cut off in certain directions and because the domestic and foreign demand for food products and the primary necessities has increased.

"And do not overlook the farming community in any calculations that may be made. It must be borne in mind that the farmers of Canada, in the main, have never been so prosperous as they are at the present time. And if the war lasts for any length of time prices for farm products will continue to advance. Now, the farming class constitute the greatest element in Canada's population; and if they are prosperous the whole nation will feel the buoyant effects of that prosperity.

"Already the West, particularly Winnipeg, is feeling the effects of the high prices that have been paid the farmers for their wheat and other produce. While the harvest is much smaller than it was last year, the higher prices have more than made good the deficiency. The farmers already are beginning to pay off their notes to the banks and implement companies; and a decided improvement in the financial situation has, as a result, been effected.

"One of the great difficulties that the West must face is the necessity of making payments to the American implement companies. The recent financial legislation has made our money unacceptable to the Americans, and the rate of exchange has moved against us. This is a serious problem that must be met and faced.

"There are many people who are very wise after the event, in Canada, and who never cease to talk of 'over-ex-

pansion' and 'speculation.' I should like to ask you if Canada is the only nation that has suffered from these conditions. Not only the newer, but the older, countries as well, have, from time to time, felt the bad effects of speculation and too rapid growth. But I must emphatically say that Canada's growth has, on the whole, been sound; and that we are today in a far stronger financial condition than our rivals in South America—Brazil and the Argentine Republic.

"I admit that over-speculation in land has hurt Canada; but the evil that has been done is superficial in nature. It is natural and inevitable that a pioneer people will speculate in the economic goods with which they are working; hence the boom in western lands. But the speculative process there has not been wholly an evil. It has aided in attracting settlers and in drawing a fund of capital there to develop the country. Bear in mind that I am not justifying the methods that were adopted, nor claiming any general benefits from the results attained. I am merely stating the fact that there were certain elements of good in the situation.

"Many, and among them those who were chiefly responsible for bringing the situation about, have complained bitterly of the over-expansion of Western towns and cities. The criticism is for the most part unfair and uncalled for. The high values and high rents that have obtained in Western cities clearly prove that building was not overdone; although in isolated cases that may have occurred.

"I am convinced that Canada's development has, in the main, been sound and legitimate. A new country must develop and improve its municipal undertakings; must from sheer necessity build and equip railroad lines; must open up roads and undertake great public works. The money has been well spent; and I am sure that we shall reap the benefits in the increased comfort of the people and in the growth of the output of economic goods.

"But we must produce to make good our borrowing abroad. We have, on the whole, developed our cities at the expense of the country. The immediate duty of Canadians is to greatly increase the acreage of the tillable land under cultivation. I shall be exceedingly disappointed if the figures of 1915 do not show a large increase in the amount of land under cultivation and in the products secured from it.

"If for no other reason this must be done to protect our financial position. Remember this: Canada has only \$135,000,000 in gold, and a very great discrepancy between exports and imports. We made the balance good in recent years by borrowing from abroad. But we must now face the fact that we must pay the interest on our huge borrowings by increasing our exportable surplus. That must be done in the main by increasing our output of food supplies. Unless our exports and imports more closely balance one another next year, and unless we greatly increase our exports, the country will be in immediate danger of losing its stock of gold the only thing that would prevent it would be the declaration of a moratorium; and we may be forced to come to that. In the meantime I am convinced that we should avoid this policy by every means in our power.

"The declaration of a moratorium by Canada would be a declaration to the world that we had reached the limit of our resources. We are in a quite different position to that of England. England is in the immediate war zone; and moreover the clearings of the world are made through London. The latter is the essential point; and I do not need to elaborate it. Moreover, England is a credit nation, while Canada owes hundreds of millions to England. In private life it is a wise policy to keep one's credit good; and so in the affairs of nations.