

THE AMERICAN TRADE IS IMPROVING, SAYS THE SURVEY COMPILED BY DUN & CO.

Montreal, Dec. 14 — Operations among manufacturers in the United States paper industry have been on a downward scale compared with last year, but the decrease, however, is becoming smaller and each month's operations are nearly approaching the level of 1930, according to a survey compiled by R. G. Dun Co.

In all probability, the survey points out operations of most branches of the trade by the end of the year will be on the same level as they were at the end of 1930, as fluctuations in the paper industry always are of a moderate nature.

There has been but little recession in newsprint sales, the report says, and the wrapping paper division is holding up fairly well from a volume standpoint. The carton turnover is under the figures for the comparative 1930 period, but paper bags, paper utensils and toilet requisites in this line are selling reasonably well. Boxboard still is moving irregularly and the demand for heavy building papers continues sub-normal because of the lacking construction operations. Paraffined paper is in good demand, but orders from the general printing trade are not up to the seasonal average.

The special survey of the general paper trade prepared by R. G. Dun Co., continues:

"Throughout the industrial world, there are few major industries oper-

ating at as favorable a rate as the paper industry, for it is not so sharply affected by the radical upward and downward movements of general business. The decrease in operations for the current year to date is approximately 9 per cent., when compared with the schedules maintained during the comparative period a year ago.

"Operations have been well balanced and stocks have been reduced so that at present they are 5 per cent. below the level of a year ago. Most of the major sections of the paper industry have managed to balance the supply and demand factors very well. In some instances even, such as book paper, the demand is somewhat heavier than production.

This has not affected prices, however, as these have been generally downward, principally as a result of abnormally low raw material prices from foreign sources. With any substantial increase in demand, and with any advance in raw material prices, the trend is expected to be upward.

Newsprint Prices Lower

"The price of newsprint from British Columbia mills delivered at the principal ports of the Province during 1932 and 1933 has been cut to \$50 a ton. This is a reduction of \$8 from the previous price, effective January 1, 1931, and of \$13.50 from the price existing immediately before that date.

"While the Canadian pulp and paper industry undoubtedly has felt the

present economic crisis, it is in a better position than ever to contribute toward the world's requirements of pulp, newsprint and other paper. Canada now manufactures 3 7per cent of the world's supply of newsprint paper, exceeding in 1929 the production of the United States, the nearest competitor, by more than 1,300,000 tons. Preliminary figures for 1930 show a lead of over 1,200,000 tons. Canada's exports of this commodity are almost ten times as great as those of Germany, the country of next importance, and exceed the exports of the rest of the world combined.

"Foreign shipments of paper and paper products from the United States during the first three-quarters of the current, amounting to \$17,375,527, represented a decrease of 27 per cent. as compared with the total for the same period in 1930. With the corresponding import group totalling \$95,290,102 and representing only a 13 per cent decrease by like comparison it is evident that the balance of the foreign paper trade of the United States is becoming more and more unfavorable.

"This unfavorable trade balance already large, was aggravated by the 40 per cent increase in the imports of cigarette paper by the United States over those of the corresponding period in 1930. The inception of this trend took place back in 1913, when American newspaper publishers began to depend more and more on foreign, principally Canadian, sources of supply for newsprint, resulting in a phenomenal growth in the Canadian newsprint industry.

"In 1913, imports of newsprint into the United States from Canada were valued at less than \$10,000,000, but by

BANK HEADS SAY CANADA STRONG IN DAY OF TRIAL

At Annual Meeting of Bank of Montreal, Sir Charles Gordon Warns Government and Municipalities Against Rising Expenditures—Considers There is Every Reason to Look Forward With Confidence to Canada Emerging Stronger and More Prosperous Than Ever From the Conditions That Now Prevail.

Jackson Dodds, Joint General Manager, Points Out Impotence of a Central Bank in Maintaining a Stable Price Level as Demonstrated by the United States' Experience—Urges Adoption of Policy by Which Unemployed Will be Made Self-Supporting.

The economic setback which Canada has received has arisen largely from extraneous and not internal causes Sir Charles Gordon, president of the Bank of Montreal declared at the annual meeting of the bank. At the same time he issued warnings to federal, provincial and municipal authorities as to the necessity for curtailing public expenditures. Canada's large foreign obligations are factors that tend to prevent an early return of the Canadian dollar to par, he said. Jackson Dodds, General Manager,

1929 they had reached the prodigious figure of \$132,282,041. From that peak year, there has been a gradual decrease, until, for the first three-quarters of the current year newsprint imports from Canada amounted to \$73,360,657.

joined with the president in urging a conservative policy of expenditure. Both Sir Charles and Mr. Dodds, while declining to make any forecast for the immediate future, expressed confidence to emerging stronger and being shown in Canada in the face of the world depression.

That improvement in the Canadian situation was conditional upon an improvement in the international situation was emphasized by both speakers.

Sir Charles, while declining to prophesy as to immediate outlook, said that taking the long view "There is every reason to look forward with confidence to emerging stronger and more prosperous than ever from the conditions that now prevail," and Mr. Dodds remarked, "It would be rash indeed to speak with assurance of the prospects of the coming year, but it is surely permissible to say that when international confidence and co-operation are restored, and commerce in consequence improves, Canada will be among the first to benefit."

Sir Charles Gordon's Address

Sir Charles Gordon, in presenting the annual report to the shareholders, spoke of the severe recession, which had been experienced by business generally throughout the Dominion. He made particular reference to farming, lumbering, mining, and newsprint manufacture, remarking in regard to the latter that there was reason to believe that a better condition was being ushered in by the profit arising from the premium on New York funds and from consolidation of companies for the purpose of reducing overhead expense and effecting more economical distribution of the product. He said events had brought into strong relief a situation which in any case would sooner or later have been called for drastic remedial measures, namely, the destructive competition between the two great railway systems, a settlement of which on a satisfactory and permanent basis was, he declared an absolute necessity for the future well-being of the country.

"In considering the various phases of the economic setback which Canada has received," he continued, "it is important to remember that they have arisen largely from extraneous and not internal causes. During the post-war period the expansion of our industries, generally speaking, has been on a modest scale. We have not invested such a large volume of our capital assets in unproductive extensions as has been the case in the United States and our banks and financial institutions have not had their resources tied up in frozen loans. Fortunately, under our banking system our banks are prohibited from lending on real estate."

The Canadian Dollar

He referred to the numerous bank failures in the United States and to the hoarding of money there in safety deposit boxes and remarked "Banking in Canada has followed the even tenor of its way. The resources of our banks are large, credit supply abundant, note circulation keeps pace with trade movements, time or savings deposits are at a high point and the superiority of the branch bank system over unit banks has again been demonstrated in this period of business depression."

While expressing the opinion that Canada's large foreign obligations would tend to prevent an early return of the Canadian dollar to par, he said he had no doubt that it would

return to par. As factors already working to that end he remarked that the adverse balance of trade in the 12 months to September 30 had been reduced to \$35,000,000 as compared with \$100,000,000 for the previous 12 months, and that in the five months to October 31st last there was each month an excess of domestic exports over imports, so that it would seem that the country had reached the point of an adjusted foreign trade.

In closing his address, Sir Charles said:

"I would, however, say to those who feel themselves more or less at a loss in estimating the future that we have one advantage in the Bank of Montreal possessed by few business institutions. We have the advantage of an intimate record in our own annals of the course of trade in this country for the past 115 years. Looking into that record we see reflections of periods of great prosperity and reflections of periods when conditions and outlook, not only in Canada but throughout the world, were blacker than any we have experienced during the past two years. Looked at in the large, the history of our country, as reflected in the history of your Bank, has been one of continuous progress and advancement, and I have not the slightest hesitation in reiterating the views expressed at our Annual Meetings in years past that just as the country has weathered previous storms, so now there is every reason to look forward with confidence to emerging stronger and more prosperous than ever from the conditions which now prevail."

General Managers' Address

Jackson Dodds, joint general manager with W. A. Bog in presenting the balance sheet, said that Canada being dependent primarily on the products of the farm, forest, mines and fisheries, and being one of the largest exporters per capita in the world, has suffered severely from the dislocation of international trade. Referring to the fact that the downward movement of commodity prices had reached record levels during the year he said: "We know from recent economic history in the United States something of the impotence of a Central Bank in maintaining a stable price level. An examination of the course of business and banking in that country from 1921, the year of post-war depression, to 1928, the crest of their period of prosperity, and the collapse of the stock market boom in 1929, reveals that while a Central Bank may assist in controlling the amount of money available, its judgment is not infallible, nor can it force individuals or institutions to use money wisely."

Must Call Halt To Public Expenditures

Remarking that we in Canada should be thankful that we are as well off as we are, he declared there was no gainsaying the fact that business had been at an extremely low ebb, and added: "The situation can only be aggravated by continuing to pile up more and more federal, provincial and municipal debts. Individuals who appreciate the need for economy in their own expenditures, and are striving to get out of debt, are too prone, paradoxically, to condone and encourage public outlays of borrowed money, ignoring the fact that it must in the end be repaid by themselves. There is a definite limit beyond which public expenditure cannot proceed with safety, even when the object is to create temporary employment. In this country that limit is now in sight. A halt must be called to mounting expenditures—indeed, has been called in some cases. The burden of taxation eats up capital resources, saps energy and enterprise, and creates still further unemployment."

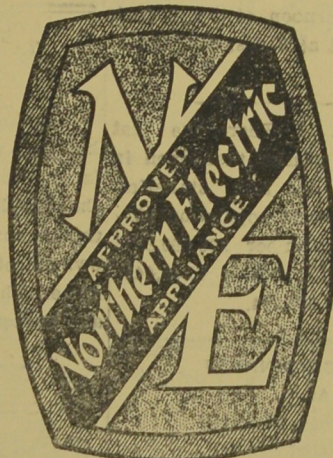
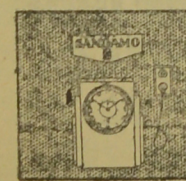
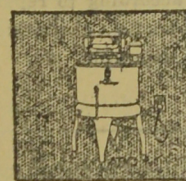
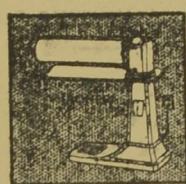
Concluding, he said, in reference to relief measures that while taking care of those in immediate distress, we should work in the direction of making as many as possible of the unemployed self-supporting. The best way was to assist people to establish themselves on the land, as over the course of years diversified farming had proved the most dependable source of livelihood. While industrial farming had its advocates, it should not be overlooked that a farm was primarily a home, not a mine or a factory.



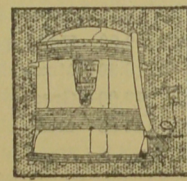
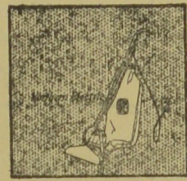
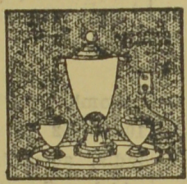
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