

**GREAT BRITAIN'S FINANCIAL CAPACITY.**

A re-assuring view of the capacity of Great Britain to bear the burdens imposed by the war is contributed in London correspondence of the New York Evening Post. In regard to the problem of meeting the adverse exchange situation, the correspondent remarks that British holdings of American securities are so large, and British wealth-power so great, that there is not the slightest reason why the problem should become in the least acute in the near future. The danger simply is that the Government should not sufficiently recognize the facts of the position and take the necessary steps well ahead of the actual needs.

As to the other aspect of war finance—namely, the aggregate cost of the war—there is practically no limit in sight, says this correspondent, to the power of Great Britain and its allies to finance the struggle. That all kinds of ills, present and future, may result from the huge accumulation of national debt, goes without saying. But those are considerations which will be recognized, and the effects of which will be seen at a much later date. Meanwhile, there is every reason for encouragement in the manner in which the ordinary revenue is flowing into the Exchequer.

**NOW AND AFTERWARD.**

Previous to the outbreak of war the total revenue in any one year was about £198,000,000, but, during the fiscal year ended next March, the revenue, mainly as a result of increased taxation, but partly in consequence of what is termed "war prosperity," promises to considerably exceed £300,000,000, while it would not be at all surprising if by the end of 1916 taxation will be so largely increased as to ensure a revenue of at least £400,000,000—in other words, taxation since the beginning of the war will have been then doubled.

Nor are the best observers inclined to be too pessimistic with regard to this great pressure of taxation, the correspondent proceeds. On a short view the outlook is perhaps not very encouraging, because we know perfectly well that, to the older members at any rate of the present generation, there can be no return to the conditions of affluence and luxury which existed previous to the war. The point of importance is, however, that, unless the British nation has lost its virility, the pressure of taxation and hard times is the very thing which will best stimulate the energies of the nation afresh and call forth more strenuous life and inventive faculties. It was so after the Napoleonic wars—when, though burdened with taxation and handicapped by greatly reduced incomes, the British nation entered upon a period which ultimately proved to be the prelude of its era of greatest prosperity. If only, concludes the correspondent, we are not to be too sorely hampered by trades unions and labor agitation in various forms, there is no need to be depressed about either the political or the financial outlook of the British Empire after the war.

Our credit is our chief concern, and it is the first duty of every citizen to exact careful and economical expenditure in Government, municipal and public company expenditure, to be merciless on graft, to insist on a lynx-like and perpetual audit even in the days of record earnings, bumper increases and untaxed war profits.—Lord Shaughnessy.

**DOMINION WAR LOAN LARGELY PAID UP.**

Apparently a very large number of the subscribers to the recent Dominion of Canada War Loan took advantage of the opportunity to pay up all the instalments in full, under discount at the rate of 4 per cent per annum, either on January 3rd or later during the month. The January statement of the public debt shows a total funded debt payable in Canada of \$75,374,994. The amount at the end of December was only \$11,118,011, so that some \$64 millions appears to have been paid up by War Loan subscribers during February. The terms of the prospectus only called for a payment of 7½ per cent. on January 3rd (\$7½ millions), the next instalment of 20 per cent. being due on February 1st. It would thus seem that about \$56½ millions or more than one-half the loan was paid up in full during January in anticipation of instalments. This remarkable result suggests a very strong investment power at the present time, even when full allowance is made for the ultra-attractive terms of the loan when paid up under discount.

It will be exceedingly interesting to note when the January bank statement becomes available, the effect of this large operation upon the banks' deposit accounts. So far as the post-office and Dominion Government savings banks are concerned, the effect of the loan appears to have been negligible. Deposits of these institutions at January 31st were \$52,086,065 compared with \$52,160,207 at December 31st, a reduction of under \$75,000.

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