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## THE GENERAL FINANCIAL SITUATION

The report of the Parliamentary Committee on soldiers' re-establishment, published a few days ago, deserves a wider attention than it has seemingly secured. The report is well worth reading, not merely for the information it contains regarding the discharge of the national obligations to the returned soldier, but likewise for its admirable statements regarding the national finances and the policy which should control their direction. It appears from the report that the total amount of gratuities paid to every returned man to tide him over from three to six months after his return is approximately \$153,000,000, while the total amount expended or to be hereafter expended for re-establishment work now carried on amounts to \$491,500,000, together with \$30,000,000 annually for pensions. The committee makes various recommendations involving a further estimated expenditure of \$50,000,000. The committee, in declining to countenance, the hare-brained proposals put before them by certain sections of the returned men for further gratuities, points out that Canada has dealt as generously, and even more generously with the returned men, than any other of the likely belligerent countries. The fact is one of which Canadians are proud, but the way in which this generosity has been received in some quarters has been alike surprising and disappointing.

The statement referred to above that approximately \$153,000,000 has been and is being paid in gratuities to returned men is one very good reason why at the present time, while the moving-picture houses are jammed to the doors and the gramophone dealers are doing a roaring business, it is next door to impossible to get help for various kinds of work. That phenomenon is likely to continue as long as the gratuity system remains. Doubtless, a very fair proportion of returned men are doing the right thing with their gratuities by putting them in the bank or investing them safely, or setting up a real home, but it is also certain that in a great number of cases, these gratuities are now in process of "blowing in," and their owners are having more or less of a good time while they last. The gratuity system was, no doubt, neces-

sary, but it is obvious that when applied on such a large scale, it results necessarily in a vast amount of sheer waste. What sort of an orgy of spending would have been inaugurated had the committee listened to any of the proposals put before them for further gratuities can be imagined. The absurd lengths to which the State dole system can be carried is illustrated in a recent statement of Mr. J. K. Clynes, M.P., a British labour leader. He states that while the present shortage of housing accommodation in Great Britain is notorious, 60,000 are unemployed in the building trade, and are receiving State pay for doing nothing. Could anything be more ludicrous—or economically tragic?

In that part of their report dealing with the national finances, the committee have an interesting reference to the German indemnity which is worth quoting in view of the fact that some business men still cherish the notion that the burden of Canadian taxation is likely to be lifted at no distant date by reason of receipts on this account. "It has been suggested," says the committee, "that the large sums of money proposed for re-establishment purposes should be charged up against Canada's share of the indemnity to be paid by Germany. The suggestion is not practicable for several reasons. . . . The amount of indemnity to be paid to Canada is unknown. Many months, probably years, will elapse, before it is ascertained. The question of the ability of Germany to pay and the time of payment are factors that must not be overlooked. From current reports, it would appear that the greater part of Germany's indemnities for some years to come will be paid in labour and commodities and not in cash. For these reasons your committee cannot see its way clear to recommend that the possible future payment of indemnities by Germany would warrant an attempt to raise immediately the hundreds of millions suggested for re-establishment purposes." Neither obviously do prospects warrant any very rosy expectations regarding relief of taxation from this source.

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