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# The Chronicle

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REFERENCE

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY

OCT 4 1921

Vol. XXXX. No. 1

MONTREAL, JANUARY 2, 1920

Single Copy 10c  
Annual Subscription \$3.00

## 1919—1920

To the future historian, 1919 will probably be known as the year of transition, when the world, having rid itself of the gravest threat to its existence that modern civilization has known, began the effort to re-adjust itself to the task of production, development and culture. Necessarily, the beginning of that effort has been marked by many mistakes, much stumbling, and the endless creaking of machinery. But only to those with soft heads as well as soft hearts, who believed in the possibility of a short cut to the millenium through the gigantic upheaval of a five years world war, has 1919 been a year of disillusionment. There have of course, been disappointments, of which perhaps the greatest have been the demonstrations of class selfishness in many countries, and the fresh revelation of the petty character of the minds that exercise political authority among our neighbours to the south. But those disappointments have not been in vital matters, and looking back over the twelve months, it can be easily seen that real and solid progress in the re-adjustment of world affairs has been made.

In Canada, the problem of demobilisation, a problem which a year ago loomed very largely on the horizon, has been settled satisfactorily on the whole. Canada's army, whose magnificent record will make forever, the most glorious page in Canadian annals, has been re-absorbed into civil life. A grateful country has dealt generously with the returned men, and the men, with the exception of an inevitable minority of malcontents are well satisfied with the treatment given them. A clean-up of the special loan financing has been made through the successful flotation of the latest Victory Loan—a success which was the more noteworthy in view of the diminished incentive to subscription in comparison with previous loans.

On the whole, while trade and industry have been prosperous, much more prosperous indeed than could have been anticipated a year ago. While war activities have ceased, others have been getting under way, and if the industrial mechanic is not yet recovering normally, the wise policy of extending Government credits to our customers abroad, has ensured a wide and ready demand for our staple products. If prices have been high and steadily going higher, so have wages, there has been comparative freedom, at least relatively with other beligerent countries, from

labour troubles, bank deposits have been largely increased and very considerable amounts of permanent investment securities absorbed, and the extraordinary freedom with which buying was carried on during the recent Christmas season, is evidence of a very widely spread plenitude of funds—not always, perhaps, wisely used.

•Canadians, however, are materially more concerned with the future than with the past, and at the turn of the year, it is to be expected that we should be concerned more with prospect than retrospect. A year ago our main concern was with problems which, if stormy enough, were temporary problems—such as demobilization. To-day we are concerned with problems of a much more permanent character—the re-adjustment of our conditions, national finance, taxation, exchange, lasting developments in commerce and industry. Many of these problems are extremely serious and complicated ones, and while in the light of the experience of the past, they can be attacked with confidence—and Canadians have never lacked courage and confidence—it would be merely rashness to underrate the gravity of their character or the vital necessity of the rightful importance of their solution. To take first which may be called (in a narrow sense) National problems. The political outlook is distinctly unsettled. During 1919 there have been developments in politics which foreshadowed sooner or later far-reaching changes in the political control of the Dominion. In the present condition of an unsettled public mind, and in a democracy where one man's vote is as good as another—although the one may be a wise man and the other a fool—anything may happen politically. Again, it is to be borne in mind, that the individual taxpayer has not yet felt the full effects of war taxation. For instance, the Dominion Income Tax on the 1919 scale, which is much higher than the scales for the two preceding years, will not be collected until well in the next year. A short time ago, the Minister of Finance intimated that taxation might have to be increased, at least temporarily. It is also to be remembered that, while the recent Victory Loan made a clearance of war obligations, except possibly for a comparatively small amount, no provision has yet been made through taxation for the creation of a Sinking Fund, a vital necessity, in the interests of sound finance—in view

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