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FINANCIAL RESPONSIBILITIES.

One reason for Sir Robert Borden's recent visit to Washington, and a reminder that Canada has, by no means, yet reached the limit of its financial responsibilities in connection with the war, is to be found in the announcement by Premier Stewart, of Alberta, that from April 1st next, Great Britain will cease to finance the expenditures on Canadian troops overseas. Under an arrangement, which has been in force since the early months of the war, all the expenditures upon Canadian troops in Europe have been advanced by the British Government to the Canadian Government, the understanding being that a settlement should be made after the war. Within the last year or two, as Canada's capacity to aid in Allied financing has grown, the credits granted to Great Britain by the Canadian Government and by the banks, have served to offset the debt thus incurred; in fact, have gone beyond it. Thus, at October 31st last, there was a balance of Canadian Government lendings over British lendings of some \$132,000,000, a balance that has in the six months intervening possibly been considerably enlarged. The cessation of these advances by Great Britain means a corresponding lightening of her burden of providing funds day by day; it means a corresponding enlargement of Canada's responsibilities. At this stage it is certainly desirable that this transfer of responsibility should take place. But the increased responsibility here necessarily means increased effort in Canada, whether or not some measure of active financial co-operation with us be undertaken by the United States.

Financial co-operation between the United States and Canada, to any extent which may be found desirable or necessary, would be merely an extension of the active industrial co-operation for war purposes, which is now taking place between the two countries. It is now officially stated that orders have been received by the Imperial Munitions Board from the United States since last autumn aggregating fifty million dollars, for war munitions needed both on American and on British account. The cash receipts on the orders already filled by Canada total about thirty-five millions. Further orders, both for munitions and also for certain farm products of which there is at present a surplus in Canada and a shortage in the United States, and which are needed for American army supplies, are anticipated. The munitions orders from the United States include ten millions for forgings, seven millions for shells and two millions for cartridge cases. There are also large orders for marine engines and other military and naval equipment urgently needed by the United States,

and which American factories, already overtaxed with British and home orders, cannot handle at present. Arrangements were made with Washington last autumn for turning over to Canada any surplus munitions business which, under the increased flow of orders consequent upon the United States' entry into the war and upon Britain's credit extensions there, could not be expeditiously filled across the border.

While the problem of day to day financing of the war has necessarily, at the present time, primary consideration, another important point in regard to Canada's increasing financial responsibilities which must not be lost sight of, is the fact that the national debt has lately passed one thousand millions, and by the end of the year, it will be probably twelve hundred millions. When war broke out, the national debt was in the neighborhood of \$330,000,000. While our "national first mortgage," as the Toronto Globe phrases it, is relatively light compared with those existing in European countries, the difference between the *post-bellum* and *ante-bellum* size of it is sufficient to demand an unceasing regard for economy, on such broad lines as those particularised by the Globe:—"Wherever possible Canadian water-powers must be utilized to do the work now performed by imported coal. The forests should no longer be burnt through insufficient fire ranging. The amazing fire waste following upon defective construction of houses and business buildings ought to be largely eliminated by the adoption of strict building laws. Preventable illness should be cut down by strong measures of sanitation." What may be termed a negative economy—the mere prevention of obvious waste—will not be sufficient. Constructive development of production on an enormous scale will be essential. This fact is recognised in England, where some tentative consideration is now being given to the matter. In a recent address, Lord Milner, after quoting a recent dictum that the State has only one string to its bow—the string of taxation—suggested that there is an alternative:—"increase production, develop prairie, ocean, forest, and mine within our magnificent State and out of the volume of that wealth repay your borrowed money, finding that, after you have so paid, your riches still increase." Whether it will be feasible to formulate a scheme by which the widely-scattered members of the British Commonwealth will be able to co-operate in the development of their resources for the extinguishment of war debt remains to be seen. However that may be, Lord Milner's counsel epitomises the task that lies before us in Canada in the days after the war, in order that we may carry our national financial responsibilities.