

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION.

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of some importance to the steel industry, since its requirements in steel rails alone are a half million tons. The effect of this refusal is practically to nullify the agreement, and the last state of things in the steel industry, as regards prices, is worse than the first. The incident confirms Canada's opinion that the sooner the various price-fixing expedients and other restrictions which have necessarily been in force during the war, are removed and industry left to make its own way, the better. What is now wanted is the restriction of conditions, which, if they are to be regarded as normal, must have the element of permanency. Price-fixing cannot be continued indefinitely, and business must ultimately be left to work out its own salvation—whether the business be wheat-growing or steel-making. The extraordinary thing, in the view of the Canadian business community, which is naturally extremely interested in this matter of the price of steel, is that there should have been such a blundering lack of co-operation between Government departments as to make this incident possible.

The preliminary figures of the Dominion Government's revenue and expenditure for the fiscal year ended 31st March last, are satisfactory, so far as they go. Revenue exceeded the Budget estimate of \$270,000,000 by some \$35,000,000, amounting to \$305,230,808, this excess being apparently due to large receipts from the Business Profits War Tax and Income Tax, which as revenue-producers, have apparently exceeded expectations. Ordinary expenditure reached \$196,073,805, and capital expenditure, other than for war purposes, \$16,899,809, a total of \$212,973,614. There was thus a surplus of revenue available for war expenditures of \$92,257,194, about 26 per cent. of the total war expenditures of the year, which amounted to \$347,824,000. The estimates for the new fiscal year, it will be remembered, show a proposed expenditure of fully \$400,000,000 including \$350,000,000 on revenue account, so it is evident that handsome as the results of the financial year just past have been in the way of revenue, that taxation on a somewhat enlarged scale in various directions will be necessary. But it must also be borne in mind that so far as the Business Profits War Tax and Income Tax are

concerned, that the collections which have thus far been made are on account of the calendar year 1917, and that the collections on the increased scales of taxation which were put in force for the year 1918 have not yet been begun, while the 1917 collections are not complete.

Canadians have been large holders of Detroit Railway stocks for years past, and have accordingly been exceedingly interested in the result of the referendum to the electorate regarding the proposal of the civic authorities to take over the company's city lines at a price of \$31,500,000. The electors did not support the proposal, which action is possibly a significant indication of an increasing appreciation of the fact that public ownership is not necessarily the panacea for all the economic ills that flesh is heir to. Anyway, the result of the Detroit referendum clarifies the situation so far as the Company is concerned. A valuation of \$31,500,000 for the city lines has been established, and the Company and the civic authorities having been able to get together on this, the problem of getting together on the matter of increased fares in order to provide the Company with a reasonable return on what has been agreed upon as the value of its property, should not be impossible of solution.

### BANK PENSIONS AND PREMISES.

In 1918 thirteen banks made appropriations from current earnings for officers' pension funds, and it is practically certain that two of the three banks not reported at date of writing will have in their annual statement appropriations for this purpose. That will make fifteen banks in the 1918 list, as against sixteen in the list for 1917. Since the commencement of the war a few of the banks temporarily discontinued the pension fund contribution for a year or two when profits were not very satisfactory. On studying the accompanying table on pages 394-395, it will be seen that sixteen banks have in existence pension funds for which appropriations have been made during the last five years; and in case of one bank not represented in the list—the Bank of Montreal—there is a long established pension fund in operation.

The total of appropriations for 1918, as shown in the table, is \$438,782. If the Bank of Hamilton appropriation for the past year be included the total for the year would be \$476,069, which figure exceeds all previous totals excepting that for 1914. For the period of fourteen years covered by the table, the banks in this list have appropriated over \$4,800,000. During the second half of the term—since 1910—the appropriations have been on a scale twice as large as in the first four years.

### Writing Down Premises.

The table of appropriations for writing down premises account shows that there was less activity in 1918 in this connection. Eight banks appear in the list, and doubtless there will be two more when the returns are complete. In 1917