

# The Chronicle

## Banking, Insurance and Finance

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that real "net profits" can only be arrived at after these charges have been met. A measure of uniformity in this particular matter is strongly desirable in the interests of shareholders and investors. There is a further objectionable practice of lumping an intangible asset like good will, in one entry with other assets like real estate, buildings and machinery—a practice which makes it absolutely impossible for the investor or shareholder to gather from the company's statement any real idea of its position. Some degree of camouflage in comparative financial statements has also been seen in recent years in connection with the Business Profits War Tax. Quite a number of large corporations have refrained from disclosing to their shareholders in the published annual statements the amount of this taxation for which these corporations have been assessed. The amount of the tax has been lumped together with other items although it might be supposed that the actual extent of the burden imposed upon a corporation by what is admittedly very heavy taxation, would be a matter on which shareholders were reasonably entitled to precise information.

The stimulation of a healthy interest and common-sense in financial matters, among shareholders and prospective investors, will necessarily react favorably upon Canadian finance as a whole. On this account alone, it seems desirable that the common practice of giving shareholders a minimum of information regarding the undertakings in which they are interested, needs a good deal of modification. Those most intimately concerned with Canadian industry and finance would largely benefit in the long run by the growth of Canadian investors in intelligence, as well as in numbers, while it is certainly unnecessary to emphasize the ultimate advantages which would accrue to Canada, as a result of the increasingly intelligent use of our financial resources.

The fact that alarm is being manifested in England in connection with the national expenditures is a healthy sign. The conditions of war make for an enormous spending, and a habit of spending once acquired, is very difficult to break off.

Yet it is absolutely certain that relief from over-heavy burdens of taxation, imposed by the war, can only be secured by the adoption of policies of the strictest economy by all Governments in the years to come. Any continuation of the habit of profligate spending, induced by the war, means necessarily nothing short of financial disaster. Here in Canada, as a result of the war, we have got accustomed to talking about billions, instead of mere millions, and all sorts of schemes involving huge national expenditure are in the air, and talked about as if the financing of them was a matter of no account at all. The fact must always be borne in mind, that these schemes can only be financed out of taxation, since it must be added to the cost and distribution of goods at every stage.

### THE BANKRUPTCY ACT

The business interests of Canada owe something to the Canadian Credit Men's Association, and to Mr. Henry Detchon, its progressive and energetic general manager, for putting on the statute books of the Dominion the new Bankruptcy Law.

General business the world over is going to be keener in the future than it ever was in the past, and the nation which has the best commercial laws is going to be a winner. Any legal handicaps will be serious to the country which suffers from them.

There are two main features to the new law, one of which may be said to bear against the unfortunate debtor, and one of which is in his favor, although both provisions are in reality in the best ultimate interests of everybody.

The provision which may be thought to bear against the unfortunate debtor is that, if he is really a bankrupt, he can readily be forced into involuntary bankruptcy. He cannot fight it off in the hope that he will retrieve himself. Even under the present law, however, a bankrupt can be forced into bankruptcy, and the great gain in the new law is that the process is very much cheaper.

The feature in the new legislation, which favors the unfortunate debtor, is that a judge who is satisfied that the debtor has been honest, etc., can grant him an absolute unconditional release. Mr. Detchon states that his office has dealt with a thousand bankrupts in the past seven years, and he thinks that a considerable number of them will take advantage of this provision of the law. At the present time, and under present conditions, they are no good to themselves or to anybody else. They are tied hand and foot.

The new law has many minor advantages. It makes the procedure uniform in all the Provinces of Canada, and clears up many details of procedure and facilitates settlement in many respects.—*Winnipeg Commercial*.