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interest in Canadian securities on the part of American investors. It is argued that American syndicates will again become buyers of Canada's provincial and municipal loans and that the absorption of such issues, interrupted by the entrance of the United States into the war in the winter of 1917, will be resumed on a large scale. It appears reasonable to contemplate that in the longer future the close co-operation which has taken place between Canada and the United States during the war will have its sequel in a closer co-operation in industrial development.

A reminder may be useful of the duty devolving upon a large number of readers of "The Chronicle" within the next few weeks of filing their income tax returns to the Dominion Government for the year 1918. These returns are due for filing by the 28th February. Under the amendment to the Income Tax law passed last spring, the scope of this legislation has been considerably extended, and all married persons with incomes of \$2,000 and upwards and unmarried persons with incomes of \$1,000 are bound to report. The tax has also been increased, an impost of 2 per cent. on incomes of \$2,000 to \$3,000 and \$1,000 to \$1,500 respectively supplementing the previously existing annual tax of 4 per cent. which at \$5,000 receives the addition of a graduated super-tax, which has also been revised upwards on large incomes. It is to be noted also that under a 1918 amendment to the Income Tax legislation, the obligation is placed upon all responsible for paying incomes to others to report such payments. It is an obligation which previously rested on corporation, (in the case of dividends), employers and trustees only being thereby considerably extended.

THE USE AND ABUSE OF CREDIT.

In his inaugural address at the Institute of Bankers, London, England, Sir Richard Vassar-Smith's remarks on "The use and Abuse of Credit," are worthy of special notice. He said: Attention is becoming more and more riveted upon the question of the provision of credit facilities for carrying on the trade and industry of the country when we are once more at peace. It is a subject upon which there has been, and is, a great deal of loose thinking. There is a marked tendency, in some quarters to cut adrift from what have hitherto been regarded as fundamental principles, and to embark on experiments which can only be regarded as reckless in

the extreme. Many are deceived by the apparent paradox that during the course of this bitter struggle, when every effort has been concentrated upon the provision of the means to victory, the country should have exhibited to a marked degree those signs which we have always associated with periods of business prosperity. Although there has been a growing scarcity of food and materials and a rise in prices which has of late become specially marked, there has been plenty of money in the country; labour has been well paid, and there has been no unemployment. If we can find all the money needed to carry on this war and yet have plenty to spend, why, it is said, cannot we do it after the war? Of course the simplest answer to such criticism is to point out that all the apparent prosperity with which are surrounded is simulated prosperity, not real. It cannot last. We are living on our capital, helped out by borrowings from America. But this simple explanation is not enough. At the back of many people's minds there is a genuine feeling that, seeing that we have been able to provide these enormous sums for carrying on the war, sums which five years ago would have seemed beyond the range of possibility, there should be no difficulty in doing the same to meet the demands of trade and industry after the war. To meet the necessity for providing the sinews of war, say these people, this nation and all other belligerent nations have created credit on a huge scale. The prophecies, of which we heard so much before the war, that public credit would crumple up in the face of universal war, have proved utterly fallacious. We must revise all our preconceived ideas of credit, and build for the future on the experience gained during the war. If the gold standard is an obstacle in the way of an expansion of credit, this experience has shown that we can do very well without the gold standard.

Reasoning of this character has, as you know, led to all sorts of extravagant propositions. We are told that we can pay the whole cost of the war, and incidentally establish an earthly paradise by turning the war debts into money and printing off currency to equal the amounts of these debts.

Now far be it from me to belittle the necessity for learning from the experiences of the past few years. We have gained many valuable lessons—we are looking at the future from a new standpoint. But we cannot reject previous experiences as useless, and must recognize the value of moderation in all attempts to reconstruction. Looking at this vast creation of credit which has marked the war finance of all countries, we are driven to recognize that we are paying, and shall continue to pay, a heavy price for it. Inflated credit has been followed by high prices, producing popular discontent expressing itself in complaints of "profiteering." This has led to agitation for higher wages, which in turn leads to still higher prices, and we find ourselves in a vicious circle from which egress is difficult. To attempt to remedy this condition of affairs by the further creation of credit is obviously useless. I do not say that we