

# Comments on Current Commerce

By E. S. BATES

**Canada's War Financing.**—The debate in the House of Commons last week on the resolution to vote \$500,000,000 for war purposes for the fiscal year 1917-18 brought out some interesting statements regarding Canada's financial expenditure since the beginning of the war. Total war expenditures by all the government departments have amounted to \$443,850,903, while the probable expenditure for 1917-18 will amount to \$433,274,000. The net debt of Canada on January 31, 1917, was \$745,000,000, compared with \$615,000,000 on March 31, 1916, \$449,000,000 on March 31, 1915, and \$335,000,000 on March 31, 1914. The Finance Minister stated that the revenue this year would be sufficient to pay all ordinary capital expenditure and 60 or 70 million dollars of the principal of the war expenditure. The Government has advanced Great Britain \$152,000,000 for the purchase of munitions last year, and a portion of this year's note will be used for the same purpose. Sir Thomas White stated that Canada would have to borrow \$250,000,000 for war expenditure on the one side, and considerable addition to the purchase of munitions in this country on the other. In connection with this he called upon Canadian investors to reserve their savings for war purposes, in preference to Allied bonds issued in the United States, where there is also a need of money, and where the money is used to purchase supplies. The extent to which Britain can purchase supplies here depends upon her borrowing capacity here, and that depends on the Canadian investor. Britain's borrowings in Canada at the present time are at the rate of about \$25,000,000 a month.

**Maintaining our Trade Balance.**—Canada's total trade for the twelve months ending Dec. 31, 1916, amounted to \$1,879,171,893. This was exclusive of coin and bullion. The total imports of merchandise amounted to \$766,726,891, and the total exports of merchandise amounted to \$1,112,445,002, the excess of exports over imports amounting to \$345,718,111, compared with an adverse balance of trade in 1914 amounting to \$53,003,797. This is a most favorable showing, but it is abnormal and cannot be taken as indicating anything but a temporary condition of affairs. It is estimated that over four hundred million dollars of this export trade last year was due entirely to war munitions. The huge increase in the value of the exports of animal and agricultural products during 1916 was also due in large part to the very high prices ruling for these products during the year. But Canada will require a favorable trade balance each year after the war in order to carry the debt she is now piling up in the prosecution of the war. This means greater production, less imports and larger exports, control of the home markets, and reduction of the exportation of raw materials in favor of increased exportation of products manufactured therefrom.

**Philadelphia's Chain Grocery Stores.** It is rumored that the five chain store system now doing business in Philadelphia where chain stores have attained perhaps their highest state of organization will shortly be brought under one system. Of the 5,500 retail grocery concerns in that city 1,285 stores are controlled by five companies, namely the Acme Tea Company, Childs Company, Robinson and Crawford, Bell Company, and the George M. Dunlap Company. In addition to this Philadelphia has two retail buying exchanges—the Gerard and Frankford grocery companies—in which there are about 2,400 retail stores. The consolidation would require enormous capital but it is said that this is forthcoming. If the plan goes through the retail grocery trade of Philadelphia will be virtually a trust, and like other gigantic undertakings of this kind will meet with considerable criticism. It is claimed that such consolidation would result in a very material reduction in operating cost, but the plan is an indication of the extent to which consolidation can be carried once the ball is started rolling. One management, elimination of unnecessary stores and reduction in operating cost appear to be the principal factors commending the undertaking.

**Argentine's New Currency Proposals.** One of the first acts of the new radical government now in power in the Argentine Republic has to do with the monetary system of the country. At present there is in the country a double currency, gold and paper, and until the outbreak of the war these currencies were

interchangeable at the Conversion Office, which gave 44c gold for each paper dollar, as well as paper against gold in the same ratio. The law now proposed, is the outcome of a long agitation to place the currency system of the Republic on a gold standard. The new monetary reform proposals will abolish this double currency and establish a gold currency on the basis of the gold dollar, worth \$0.9649 United States, or 47.619d, English currency. According to the monthly circular of the British Bank of South America, gold would be received at the Conversion Office for the purpose of minting, and convertible notes issued by the said office given in exchange at fixed values, varying from \$5 to \$1,000, less cost of minting, etc. The coining of gold would be unlimited, but the coining of silver, nickel and other tokens would be in accordance with the country's needs, and only by decree of the Executive. The present circulation would be withdrawn within a determined period, new currency being given against the present notes at their proportionate value.

**The Empire Farm Scheme.** In connection with the scheme, outlined in cable dispatches from London last week, to develop upward of 200,000,000 acres of undeveloped Government lands in Western Canada as a means for providing funds for paying off the costs of the war, figures supplied by the Department of Agriculture at Ottawa showing approximate areas of undisposed or available Dominion lands in Western Canada are interesting. It is shown that the areas of surveyed unalienated lands within 20 miles of railway lines amounted to 15,443,200 acres at the end of 1916. The areas of surveyed lands over 20 miles from railway lines amounted to 10,122,800; areas of unsurveyed lands within 20 miles of railway lines to 4,179,640, and areas of unsurveyed lands over 20 miles to 23,765,849 acres. The areas of School lands, Railway lands and Hudson Bay lands reserved but not yet patented amounted to 19,017,610 acres. The ambitious scheme of this body of English capitalists would undoubtedly be a gigantic undertaking but these men have been grappling with great problems during the past few years and such a scheme as this might well be within the realm of possibility. The question is: has Canada such an acreage of cultivable lands now available? Much of this land near railway lines has been left by settlers because it was unsuitable, and although there are large areas of good lands distant from railway lines the development of these lands under any such scheme as is proposed would entail enormous expenditure on transportation and settlement facilities that apparently are not taken into consideration under the estimate of \$200,000,000 for the carrying out of the scheme. But the Empire is now working as a unit and something akin to this Great Empire Farm may be one of the early outcomes of the war.

**The Patriotic Fund and Income Taxation.** The ability of the people of Canada to subscribe to the Patriotic, Red Cross and other funds incidental to the war is reflected to a satisfying degree in the increase in notice demand deposits in Canadian chartered banks shown in the December bank return. The December return shows a further gain of \$9,400,000 in these deposits, making an increase of \$122,000,000 for the year, and representing nearly three-fifths of our total gain in deposits. The people of Canada have subscribed over \$19,000,000 to the Patriotic Fund alone since the beginning of the war. This is a tremendous sum to be raised by voluntary contribution and in face of the satisfactory showing in bank deposits it can scarcely be said that the contribution has meant a tremendous effort. But the fact that it has been voluntary for patriotic causes and bears no direct return gives it added distinction. However, it now seems as though the time had arrived for these funds to be taken off the voluntary contribution basis. The ability of the Canadian people to pay higher taxes seems assured and with the present display of wealth the time seems opportune for the institution of a Federal Income Tax for the purpose of meeting the demands for which these funds have been created. Once put into operation the income tax would prove a profitable source of revenue in meeting the heavy burden of debt we are now piling up. It would then be viewed as a necessity, while good reasons for its institution are now available. It would also place the burden of these funds more equitably on the people's shoulders.

**Making Livestock Pay.** A Western paper calls attention to the results which are accruing from the new policy inaugurated last summer by the Federal Department of Agriculture in connection with culling out the young live stock brought to the stockyards in Western Canada and resulting this stock to farmers. Ed. Haskamp, of Humboldt, Sask. in February, 1916, bought 33 steers averaging 667 pounds at a cost of 6c a pound. This totalled \$1,321. Freight, rent for pasture, grain and other feed, allowance for work and freight back to Winnipeg totalled \$300. The other day he sold the lot for \$2,093.80, leaving a net profit of \$773.80. Other instances are cited. One homesteader sold his seasons catch of animal skins for \$800, invested the money in calves and has started in the livestock business in earnest. The government pays the travelling expenses of the farmer and assists in making the purchases. This and other progressive methods are doing much to change Western agricultural development. According to the latest available figures the three Prairie Provinces reported over 43 per cent of the total cattle in Canada. Last season Manitoba and Saskatchewan raised sufficient butter to fill the needs of the West, and in addition exported a number of cars to Great Britain. The West can no longer be called a wheat-mining country. This much, was conclusively proven by the Hon. George Brown, of Regina, in a speech delivered in Montreal last week wherein he told how the West has assumed a prominent place in Canada's production of livestock, butter, eggs, wool, hogs, mutton and other farm produce.

**Indigo Production Increased.** The remarkable demand for vegetable indigo occasioned by the cessation of exports of aniline dyestuffs from Germany has brought about the revival of the indigo industry of British India. In a memorandum recently issued by the Indian government final estimates are given of the 1916-17 crop of indigo. The total area is given as 756,400 acres, which is 114 per cent in excess of the finally revised acreage of last year, which was 353,100 acres. The total yield of dye is estimated at 95,500 cwt., as against 55,100 cwt. last year, an increase of 73 per cent. The dyewood production of Jamaica, Mexico, Guiana, Honduras and Central America has also been increased during the past year so that one problem at least appears to be about over. This increase in the vegetable dyes, together with the development of the aniline industry in Great Britain and the United States must shortly have the effect of relieving the dyestuff shortage.

## MAKE YOUR DOLLARS FIGHT.

The new War Savings Certificates which have been created by the Government to encourage thrift and economy and to give everyone an opportunity to assist in financing our war expenditure, are now on sale at every bank and money order post office in Canada. The \$25 certificate sells for \$21.50, the \$50 for \$43, and the \$100 for \$86.

As an investment these certificates offer many attractive features—chief of which are the absolute security and the excellent interest return. For every \$21.50 lent to the Government now, \$25 will be returned at the end of three years.

There are two other features which are especially interesting to small investors. First, the certificates may be surrendered at any time, if the buyer should need his money; and second, each certificate is registered at Ottawa in the buyer's name and, if lost or stolen, is therefore valueless to anyone else.

But while they are excellent from an investment standpoint, the certificates should appeal strongly to Canadians because they offer to those who must serve at home a splendid opportunity for a most important patriotic service. The person who honestly saves to the extent of his ability and places his savings at the disposal of the Government by purchasing these certificates, may feel that he is having a direct share in feeding, equipping, and munitioning our Canadian soldiers, who are so nobly doing their part.

## DOMINION PERMANENT DIRECTOR.

At the annual meeting of the Dominion Permanent Loan Co., Mr. J. B. O'Brien, of Foley & O'Brien of Renfrew, Ont., was elected to the Board of Directors.