

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH, *Proprietor and Managing Editor.*
Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00 Single Copy, 10 cents.

MONTREAL, FRIDAY, MAY, 9th, 1919

THE GENERAL FINANCIAL SITUATION.

(Continued from Page 461)

such revenues as have accrued under it in the past four years. There is the obvious fact that a great many of the concerns which were large contributors to this tax in the 1916, 1917 and 1918 accounting periods are now out of business. What however, business men are concerned with is, if the Business Profits War Tax is to be dropped—and there is undoubtedly a very strong feeling against its renewal, even temporarily—what is to take its place? The revenue has got to come from somewhere, and the only alternative to the, at least, temporary removal of this tax in a modified form, seems to be another sharp re-grading of the Income Tax. It seems almost certain that the loss to the excise through the steps taken to make the country "dry" will be made good by additional excise duties on other commodities, although the tobacco manufacturers protest that in certain lines, notably cigarettes, the duty is already so high that to further increase it, is more than the trade can bear. Of the present retail price of 15 cents for the popular brands of cigarettes, almost one-half is represented by duty. The spending proclivities of a large part of the population referred to above, might possibly prove a good production for a tax on the purchase of luxuries. But if the Minister has any ideas in this direction, he is keeping his own counsel.

With the passing of the bill incorporating the Canadian National Railways, the Government ownership and operation of Canadian railways has been really got under way. The provisions of the bill appear reasonably designed to secure the object aimed at of an efficient operation of the various roads under Government control, free from political interference, but whether that ideal will be achieved in practise remains to be seen. The general attitude of the business community on this question is, we believe, to make the best of a bad job. There is certainly little enthusiasm for public ownership per se, but circumstances appear to have made the present step inevitable. The experiment is certainly a bold and courageous one, and we hope that in the interests of all concerned, it will be justified by events, if only for the simple

reason that all deficits on the lines operated will have to be made good out of the pockets of the taxpayer.

An indication of the trend of post-war Canadian export trade is possibly to be found in the figures of the March returns. These show our exports of manufactures during the month as \$32,486,167 or less than half which they were in March, 1917, when the munitions business was at its height, while exports of agricultural products at \$21,821,663 are at about the same level as two years ago. On the other hand, exports of animal and forest products show proportionately large advances, in one case of \$3,000,000 and the other of \$2,000,000. The figures suggest that Canadian meat stuffs are finding an increasingly large market in Europe, where undoubtedly the depletion of the supply during the war-years has been an exceedingly serious one. The growth of the pulp and paper industry for the other increase.

COMING BUILDING REVIVAL.

No large interest suffered more on its own account, or caused more trouble for others while the war was on than that of building construction, especially in centres of business activities.

It does not need material and labour alone, or even these, with capital directly at hand. Nothing requires credit in larger volume. Building construction requires time as well as money. Those engaged in it cannot have an accumulation of funds on hand to meet expenses as the work goes on for a production from which there can be no return until it is finished. There has to be a great deal of mortgaging, with the advance of a large volume of money on that kind of security. This may pass the property over to creditors, if it is not made duly remunerative when completed. In the process of readjustment from war to peace conditions, like the present, it is not easy to make calculations to be depended upon. There needs to be an unusual amount of co-operation between those concerned, in matters of cost and credit and adjustment of prices and wages, and finally of rental values.

It is this that is causing so much disturbance of rents and demanding so much consideration on the part of all concerned, official authorities as well as owners and occupants of buildings for business or for residence. With such an increased demand and utterly inadequate supply, there is the chance for "profiteering" on the part of owners or of renting agents whose remuneration is determined by the return secured from tenants. Here is a chance for special consideration, which should not be ignored. The increasing demand cannot be prevented and increased supply in proportion cannot be suddenly created. It is an exceptional case for humane consideration and for every effort at justice and mercy in place of mere self-interest.—N.Y. Journal of Commerce.