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THE FOURTH NEW YEAR.

The Allied world passes into the fourth New Year of war under circumstances calling for courage and fortitude, for wisdom in council and rigorous efficiency in action in civil as in military affairs. The temporary deliverance of Russia into the hands of pro-German anarchists made an end of a hope which a year ago, appeared legitimate enough, that, judging from military considerations alone, the autumn of 1917 would see a near approach to the end of war. As it is, we have to carry on indefinitely. Our American neighbours, valuable as have been their services during the last few months, cannot bring an appreciable military strength to bear for a considerable period. Like the rest of the Allies when they started, they are new to the job of modern war, and while they have the advantage of others' experience, as well as that of their own energy and efficiency, it would be foolish to expect miracles.

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Here in Canada, we can carry on with a hope and courage well grounded in the developments of the last year. Great strides have been made during 1917 in the essential direction of concentration of the nation's energies upon the grim business in hand. Through the Victory Loan, the financial resources of the nation have been organised as never before in the service of the nation. By the success of the Loan at least three important objects have been achieved—the financial needs of the nation have been provided for, systematic saving for periods up to a year, and consequent restriction of expenditures upon non-essentials, is assured, and a national foundation of the habit of thrift has been laid, which, if persevered in, cannot fail to have far-reaching effects in provision of capital for national development in the uncertain days after the war. Other vital developments of the twelve months have included the systemisation of military service, and the installation in power of a Government which should be in a far stronger position than any merely party government to direct the nation's energies towards the desired goal of victory.

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It is evident that the dominating motive of Canadian economic and financial developments during 1918, will be further concentration upon war aims, involving not merely continued military and financial effort, but a greater effort in production and transportation, and perhaps, something of the social metamorphosis which has been seen in other

countries at war. This concentration will involve additional taxation. Sir Robert Borden confirmed the other day the impression of many students for months past, that in the next Budget, the scope of the Federal income tax will be enlarged. Concentration upon war aims, also, will involve more severe restrictions, national as well as personal, in the use of certain kinds of food, of transportation, of luxuries, and of capital expenditures not immediately concerned with the war. The power given to the Minister of Finance to control new issues of capital in Canada, is possibly in the nature of precaution at this particular time, when the highest grade of borrowers find the raising of funds a matter of extreme difficulty, but the step is obviously a wise one. A beginning is being made in the limitation of unnecessary imports—a line of action which it is felt by many might be carried considerably farther with advantage to the country. Concentration upon war aims will involve also greater production from both our industrial and our agricultural resources, not for our own enjoyment, but for the use of our Allies who are in desperate need of them, together with the further organisation of their transportation—all vital questions bristling with difficulties which call for speedy and decisive action. Finally, concentration upon war aims involves a constant guarding, in the interests of national efficiency and morale, against "profiteering" whether on a small or a large scale—and not all "profiteers" are millionaires.

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While the necessary policy of additional taxation and severe restriction of activities other than those concerned with war aims will involve hardship in certain cases, there is no reason to suppose that the Dominion as a whole will not continue to enjoy a high degree of continued prosperity during the coming year. The volume of our export trade in both munitions and agricultural products, will probably only be limited by our ability to finance orders and by the ocean tonnage available. In the light of the events of the past three years, Canadians can carry on during 1918 in hope and confidence. Inevitably, however, there must be much serious consideration among thoughtful minds, as to what will be the ultimate effects of the changes in the social and financial structure which are taking place, changes which it seems likely, will be more pronounced than ever during the coming year. Speculation on this point is fascinating but fruitless; only the maturity of after-war events will supply the answer.