CONSCRIPTION OF WEALTH.

Mr. J. W. Beaumont Pease, deputy chairman Lloyds Bank, in an able speech on the occasion of the annual meeting of Lloyds Bank, London, England, said:—

"If 'Conscription of Wealth' merely meant that the vast expense of this war must be met, and that it must be paid for by those best able to do so, no one could justly object. But when the phrase is used in antithesis to Conscription of Life, it maliciously implies that those without property have given their lives, whereas the moneyed classes have not, and that, to make the sacrifice equal, the latter should surrender their wealth, or the former would refuse to make further sacrifices. As if the moneyed classes had not even in a greater proportion given up their lives, and as if, even supposing this were not the truth, the sacrifice of life on the one hand could be equalized by a cash payment on the other! There could not be a more misleading or malicious libel on both classes.

"But let us look at it from another point of view. What is the practical result of a Levy on Capital?

"The man who by dint of care and self-denial has laboriously built up a little capital out of his savings—and it must be remembered that the phrase includes all degrees of capital, not merely large accumulations—is to be taxed, whereas the man who has spent, year after year, the whole of his income, in riotous living perhaps, is to get off scot free. And it is proposed that this Levy on Capital, which thus penalizes thrift, should be imposed at a time when everyone from the Prime Minister downward is urging all classes to save. Could anything be more mischievous?

"How, again, is such a tax to be assessed? Are a man's cash and investments only to be taken into account, or must all his possessions be included? Obviously the latter, otherwise the man who put his money into War Loans would be worse off than the man who invested in pictures, or pearls, or pianos, which, as the Chancellor of the Exchequer has told us—almost unnecessarily—is unthinkable. But if houses and lands, machinery, stocks, works of art, personal jewellery, goodwill, reversions, and the hundred and one things which make up a man's estate, have to be valued, when do you suppose the process will be completed, and what will be the cost? Oh, it will be answered, it is being done constantly for the purpose of death duties. Yes, but when did every citizen of an entire nation die at the same moment?

"You will remember that in 1909 a start was made to value land alone, and now in 1918 the task has not yet been finished, and we understand that the resultant taxes hardly cover the cost of valuation. I leave you to imagine what would be the result of trying to value every form of possession.

"Another unfair feature of such a tax is that it would only fall upon the present possessors of capital. The man who today is poor but tomorrow makes a fortune is to get off scatheless. And yet we are told and believe that we are fighting this war, not merely for the man of today, but for generations yet unborn, for all time indeed, if so it be possible; and is it right that the transient capitalist of the moment should bear so large a proportion of the burden?

"I say nothing of the case of the professional man with a large income, but no capital, who would escape this tax, but I hope I have said enough to make you believe there is some truth in my remarks. If so, I think they come with special strength at a bank meeting.

"For a bank does not represent one class more than another in the matter of wealth. It is in a peculiarly impartial and unprejudiced position. So far, from it being the essence of capitalism, as it is sometimes falsely represented to be, it is, if anything, the reverse. It can almost be described as socialistic in tendency, for it takes from those who have and gives—or lends—to those who have not! The vast resources which it holds are not its own (its own capital is comparatively quite insignificant), nor do its deposits belong to one particular class. It is the careful custodian and impartial trustee of millions of pounds belonging to all classes. In our own case, for example, the large total of our deposit and current accounts belongs to so many hundreds of thousands of individuals that the average holding is only slightly over £250. Can anyone with this modest sum to his credit be justly described as a capitalist, and can I, in trying to speak as a banker on this subject, be justly accused of being prejudiced in favour of capitalism?

"That we are living in abnormal times is undoubted, and that exceptional measures may have to be taken to cope with the situation is probable, but let them at any rate be practicable and as far as possible fair, and do not let us waste our time in playing with mere academic questions."

THE GENERAL FINANCIAL SITUATION.

(Continued from Front Page.)

changes noted. In view of the general preoccupation in the Liberty Loan, and the inactivity of the stock market the call loan market is quiet and rates are to some extent nominal. The range has been from 4 to 6 per cent., much of the business being at the lower rates. Sales on the Wall Street market last week were less than in any week since the midsummer of 1916. Prime mercantile paper at the American centre is quoted at 6 per cent. In London call money is 3 per cent., and the discount rate for bills 3 9-16 per cent.

The rate for demand sterling in New York is around 4.75½, while the demand rate in Montreal and Toronto is from around 4.83¾—the difference of over 8 cents in the pound sterling being due, of course, to the extraordinary premium on New York funds in our markets. Towards the close of last week the premium reached 1⅞ per cent., a new high record; and, while there was subsequently some reaction, this week's quotations are not much below the high figures then established. There should be some relief next month when with the opening of the interior waterways the movement of grain from Fort William and Port Arthur down the lakes attains full headway. It is not thought that the proposed prohibition of imports from the United States will have an immediate effect upon the exchange market. It might, however, cut down the demand for exchange by about $12,000,000 per month.