

# The Chronicle

## Banking, Insurance and Finance

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### THE GENERAL FINANCIAL SITUATION.

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dividual, a private firm, or a company. The wealth of a country can only be built up by spending less than its income." These are the most elementary economic truisms, but they undoubtedly are in need of emphasis in Canada at this present time.

Various financial organizations, and particularly the banks and insurance companies, have been considerably disturbed of late by a recrudescence of taxing fever on the part of the provinces. The principal offender is Manitoba, where it is proposed to double up the already heavy taxation upon those companies. The annoying thing about these proposals is that those responsible for them seem unable to realize the point of view of the taxpayers. In the case of the insurance companies, a tax of 2 per cent. of the gross premiums is proposed, and a sturdy protest from the companies has only elicited the reply from the provincial minister concerned in justification of his action:—"I think the whole idea of the insurance company is to be of service to the public as well as to make money." Apparently, there is not the remotest conception of the fact that in taxing gross premiums, the province is not taxing the company or the shareholders of the company, but mainly the policyholders of the company, in other words, the province is doing its best to prevent the company rendering the maximum of service which it can render to the public. Taxation of life insurance companies on the lines proposed by Manitoba, falls, as everyone with an elementary knowledge of life insurance knows, on the policyholders, for the simple reason that even in the case of proprietary companies, 90 or 95 per cent. of the profits go to the policyholders, and their profits are reduced by that proportion of the tax on premiums. The only fair way of taxing life insurance companies is that followed in the Dominion Income Tax Act of taxing the proportion of profits coming to the shareholders. With the provinces hungry for revenue, it is too much to expect, however, that they will be likely at an

early date, to follow the excellent example set by the Minister of Finance in this connection.

Descriptions which are coming from the other side of Russia's Bolsheviki financing make amusing reading, but at the same time induce the thought of how long it will really take to get the country on a sound financial basis once it is through—as sooner or later it is bound to get through—its present attack of anarchistic measles. The Bolshevists, it seems, believe in trade by barter, holding strongly that a really democratic state should disembarass itself from the capitalistic device of a money budget. Some months ago, the Soviets resolved that certain classes of employees should be paid in products and not in money; and it is even reported that a famous Moscow opera singer is paid twelve pounds of flour a night, not a bad salary when flour is selling at 20 rubles a pound. Now the system is to be extended—at least on paper—to stock revenue, and taxation on the better-off peasants is to be payable in kind. What will happen if the wheat or rodke or other "k'ind" is not forthcoming does not appear but can be imagined easily enough.

### BANK OF HAMILTON ISSUES NEW STOCK.

The announcement of a new issue of ten thousand shares of new capital stock of the Bank of Hamilton is made in a circular letter to share holders dated the 20th instant and signed by J. P. Bell, general manager. The shares have been allotted to shareholders in the proportion of one share for every three shares held by them respectively at the close of business on February 20th 1919, at \$150 per share, payable at the Head Office of the Bank of Hamilton in equal instalments of \$15 upon each share allotted, on the following dates:

26th March, 1919.	2nd Sept., 1919.
28th April, 1919	3rd Oct., 1919.
31st May, 1919	3rd Nov., 1919.
2nd July, 1919.	4th Dec., 1919.
2nd August, 1919	5th Jan., 1920.

On and after March 1st, shareholders have the option of paying for all shares allotted to and accepted by them, which would entitle them to participate in subsequent dividends from the time of payment. The right to accept will expire on May 23rd next. Allotments of new stock will be accepted at the Head Office, Hamilton, either in person or by power of attorney. After the allotments have been paid for rights to the new stock may be transferred on forms provided for the purpose, at the Head Office.

The new issue will increase the paid-up capital of the Bank of Hamilton to \$4,000,000, and the reserve and undivided profits which now amount to \$3,500,000 would total \$4,000,000 by the addition of the premium on new stock.