

The Chronicle

Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

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Halifax and Vancouver. It is significant that in Great Britain, where housing has notoriously been inadequate and bad for decades past, that this problem is now being tackled with great vigour, and results are already being shown. It is there recognized that in poor housing lies one of the root causes of the present industrial unrest and Bolshevik manifestations which threaten the whole structure of commercial and industrial prosperity and well-being.

The official statement of operations issued by the committee of organization in charge of the trading in Victory Bonds prior to their recent transfer to the Stock Exchanges constitutes an extremely interesting record of highly valuable and successful work. Bonds to a par value of \$70,336,000 passed through the hands of the committee, something over \$56,000,000 of this total being accounted for by bonds of the First Victory Loan. While this turnover is actually very large, relatively to the amount of subscriptions to the two loans, it is certainly not excessive and indicates that the loans were on the whole very well placed—much better placed, in fact, than could have been anticipated prior to the flotation. The details of the statement make it clear that the greatest amount of realizations came from small subscribers to the two loans, which is a pity, but hardly to be wondered at under the circumstances. The price-fixing plan is thus shown to have been a great success, and undoubtedly the labours of the committee in this connection resulted not only in the Dominion Government being able to float the Second Victory Loan on more favourable terms to itself than the first loan, instead of less favourable terms, as would eventually have been the case had the price of the first loan not been stabilized, but in consequence the Canadian provinces and municipalities and other high-grade borrow-

ers are able to secure funds on better terms than would otherwise have been the case. Thus the success of the committee's plan has undoubtedly saved these borrowers many thousands of dollars for years to come in interest charges.

The newly-published statement of Dominion revenue for the ten months ended 31st January indicates that about one-third of Canada's war expenditure for the current fiscal year ending in March next, will have been paid out of taxation—by no means unreasonable proportion. Total revenues for the ten months were \$249,072,657, an increase of some \$40,000,000 over the corresponding period of the preceding fiscal year. Current expenditure (including, of course, the very heavy interest obligations now earning on war loans) reached \$161,866,658 and capital expenditure other than war expenditure, \$12,869,550. The war expenditures for the period amounted to \$244,813,536. The total net debt of the Dominion is now reported as \$1,362,574,559 as compared with a matter of \$334,000,000 in July, 1914, and it will scarcely be less than a billion and a half dollars by the time that the accounts for the fiscal year are finally closed. These figures make it clear enough that whatever may be the Government's policy in regard to such admittedly temporary taxation as the Business Profits Tax, that the trend of direct taxation in the Dominion must be upward. Presumably the heavy loss in excise duties resulting from the policy of prohibition will be made up to some extent, at least by heavy increases in excise duties on such articles as tobacco and patent medicines. It is becoming increasingly evident, however, that in the future, the Finance Tax will form a permanent part of the Dominion's scheme of raising revenue, and, in fact, with the Customs Tariff will probably be the main prop of Federal finances.

AMALGAMATION RUMOURS

CONTRADICTED

The rumours published this week in the Journal of Commerce, New York, the Montreal Star, and other Newspapers of a proposed amalgamation of the Employers Liability Assurance Corporation, with the Liverpool & London & Globe Insurance Company are, we learn upon enquiry, absolutely without foundation. A cablegram from the Head Office of the Employers Liability received on the 12th instant at its Montreal Office, denies the rumour of amalgamation most emphatically, either with the Liverpool & London & Globe, or any other Company. The continual publication of unreliable information and unfounded rumours about large and important financial institutions by the press of any country, is a very reprehensible practice. The premium income in Canada of the Employers for 1918 was well over \$2,000,000.