

NOVEL PROPOSAL FOR DEALING WITH THE PRESENT FINANCIAL CONDITION OF THE WORLD.

Sir George Paish and Mr. J. A. Hobson have brought forward an interesting proposal for dealing with the present financial condition of the world, a situation which, if left to itself, is likely to paralyse the power of economic recovery and to breed grave social disorders in every country. In their opinion it would be foolish to expect to get out of Germany a much larger sum than 50 millions per annum for reparation, and the task of financing the material restoration of France, Belgium, Serbia, etc., they suggest must be done by a large international loan, towards the repayment of which Germany must make her annual contribution. But this furnishing of immediate credit for the work of reparation cannot be separated from the still graver obligation of dealing with the vast amount of floating debt incurred by the several Entente nations. The internal indebtedness of these nations will form a difficult problem, but one that is simplicity itself in comparison with the task of meeting the foreign debts at maturity or even of redeeming them over a period of years. Our own position is not easy, while France is also in a difficult situation, and Italy is perhaps worse off. Austria and Russia are hopelessly insolvent. The writers, therefore, come to the conclusion that all nations must contribute towards a common financial project, pooling for this purpose their several credits, and thereby creating an international credit much stronger than the mere aggregate of the separate national credits. They suggest a loan of some 5,000 millions for the purpose of repairing war damage, reorganizing the finances and currency of Russia and funding the foreign debts, which amount on balance to about 3,000 millions. This loan must be guaranteed both severally and jointly by all the contributory Powers, so that if any one Power should fail to provide its quota of interest and sinking fund the rest would jointly accept responsibility for the deficit. Each nation must contribute according to its presumed ability, i.e., according to its present and early future credit. The proportionate contributions are suggested as: America, 20 per cent.; Great Britain, 20 per cent.; Germany, 20 per cent.; France, 10 per cent.; Russia, 10 per cent., and the minor countries, including the British Dominions and India, and the neutral countries the remaining 20 per cent. between them. It is suggested that the loan should be made free of taxation in every country. It could probably be placed at 4 per cent., and with a 1 per cent. sinking fund, the sum required each year for interest and repayment would be 5 per cent. It would be a strong security for bankers in all countries, inasmuch as it would be freely dealt in everywhere, and would be of considerable value for the purpose of adjusting exchange. The conclusion arrived at is that "the burden of the war debts will be too great for

the world to bear, if they are imposed only upon the nations and the persons who have suffered most from the war, and, through their inability to bear them, will bring about a complete collapse in the credit of every nation.

It will be agreed, we think, that the suggested solution is a bold one and the authors deserve credit for their ideas. The results of a collapse of world credit would certainly be so terrific in their universal application that it is necessary that all possible avenues of a way of escape should be thoroughly explored. Whether this particular solution would be the most effective of such avenues remains to be seen. — Lloyd's Bank Monthly Financial Report."

OCEAN ACCIDENT AND GUARANTEE CORPORATION.

The annual statement of the Ocean Accident & Guarantee Corporation indicates a continuance of considerable buoyancy. Premium income (net) for the year totalled \$18,846,305, compared with \$15,802,256 in 1917, a growth of \$3,044,055. The income from investments and other assets amounted to \$804,030, making a total revenue of \$19,650,335. The compensation paid and provided for amounted to \$10,154,445, as compared with \$8,246,636 in 1917. The loss ratio figured at 53.88 per cent., as compared with 52.1 per cent. in 1917, and 50.7 per cent. in 1916, and the same ratio for 1915; the ratio for 1914 figured at 49.9 per cent. This excellent average ratio over a series of years indicates that the business has been well selected, with judicious expansion. Commission and management expenses show a reduction 0.65 per cent. The taxes were again a very heavy item and show an increase of 1.5 per cent. Investments and other assets increased from \$24,494,760 to \$28,778,660. The balance from revenue account (including \$6,119,485 proportion of premiums unearned) increased from \$13,429,905 to \$15,304,600.

The Corporation has been operating in Canada for many years, where its strong financial position coupled with liberal treatment of its policyholders, and honourable dealing, has gained for the Ocean the same high prestige it enjoys in all parts of the world where it operates. In addition to its casualty business in various branches the company also conducts a fire insurance business. The Corporation's total income in Canada for 1918 was well over \$1,000,000. The Ocean has been noted for careful and conservative underwriting in the Dominion for many years, and this policy has been well adhered to by Mr. W. T. Perry, who assumed the Canadian management some twelve months ago. He is ably assisted by Mr. J. A. Mingay, assistant manager.