

MANITOBA'S SURPLUS LARGEST IN ITS HISTORY

Revenue is \$8,986,076, and Surplus \$441,285—Gross Debt is Large—Treasurer Opposes Measures to Remedy Exchange Situation

(Special to *The Monetary Times*.)

Winnipeg, February 25th, 1920.

HON. EDWARD BROWN, Provincial Treasurer of Manitoba, presented his budget on Tuesday for the past year, giving a most comprehensive address on the finances of the province. Mr. Brown announced the largest surplus in the history of Manitoba, amounting to \$441,285 at the end of the fiscal year on December 31st last. The revenue for the year was \$8,986,076, which exceeded the estimate by \$535,676, the chief increases being \$147,878 in school lands, \$104,000 in automobile licenses, and \$120,000 in telephones.

Gross and Net Debt

The gross debt of the province is now \$39,820,877, but when there is deducted from this, the provincial treasurer pointed out, the revenue-bearing debt to the extent of \$22,647,510 and unexpended capital and investments, the net debt is \$12,769,672.

In speaking of foreign exchange Mr. Brown pointed out that the premium on American money would cost the government \$600,000 this year, and the people of the province still more. The government hoped to offset the loss by interest payments in London, and by continuing its policy of buying at a discount its sterling securities in London. During the past year trust funds had been used to buy in at 30 per cent. discount \$123,000 of debentures, which, with the previous mobilization of securities in London for the benefit of the British treasury, had reduced the debt of the province by about \$480,000.

General Depreciation of Currency

Mr. Brown drew attention to the favorable position of the United States and Japan owing to their huge gold reserves, and of Mexico and India due to the appreciation of silver, he showed that all other countries' currency was at a discount. This was due to inflation, to depletion of gold reserve, and making little or no provision for war debts from taxes during the war. Russia and Germany were the worst offenders. France had made an effort and her franc was steadily improving in value, while England was best off because she had maintained the value of the pound sterling during the war and taxed her people 20 per cent. of the cost. A dollar would only purchase its actual value in goods, and if it was not worth 100 cents and still passed for such the difference must be added to the cost of goods. He deprecated any drastic steps in Canada by legislation to remedy the situation, but suggested a cure in increasing gold production, contracting our note circulation and buying less in the United States. The exchange situation had its advantages to England, as it was enabling her manufacturers to recover the ground lost during the war to the United States.

Briefly reviewing conditions in the province, Mr. Brown said that with the exception of 1915, this had been the most prosperous year in its history. Credit was due to the farmers for this. He instanced the growth in various parts of the province, and especially in the district between the lakes and Swan River country. Manufacturing industries had suffered from the industrial unrest, which had meant a serious loss to both capital and labor, but a kindlier disposition for each other now prevails and promises more stable conditions and better understanding. He referred to the new vista opened by natural resources of hidden wealth of minerals, fur, lumber, and our great spruce timber areas and water powers.

Application is to be made by the Canadian Pacific Railway Co. to the government to change the maximum number of directors from fifteen to eighteen.

NORTHWESTERN LIFE INSURANCE CO.

In addressing the annual meeting of the Northwestern Life Insurance Co. in Winnipeg, on February 20, F. O. Maher, the secretary, dealt at some length with the subject of dividends. Some of the conservative shareholders, he said, wished to postpone any payments of this kind for an indefinite period, while others were anxious that they should commence as soon as possible. "Personally," he said, "I think it more important to know that we are earning them, and to be sure, when we do start the distribution of profits, that the dividend will be regular from year to year and of increasing amount."

Another subject dealt with by Mr. Maher was the huge policy and group insurance. "I believe," he stated, "that the issuance of such policies constitutes a very great evil in the life insurance business, and is likely, sooner or later, as the true nature of the case becomes recognized by our various legislative bodies, to lead to restrictive legislation." He pointed out that such large contracts are quoted at rates lower than the regular term rate upon a single life, and oftentimes below the actual cost price; such special benefits upon special groups were a burden on the ordinary policyholder.

BRITISH COLUMBIA ELECTRIC'S POSITION IMPROVED

As a result of the granting of a six-cent fare in Vancouver, the financial results of the British Columbia Electric Railway for 1919 were much better than those for 1918. Net revenue was \$224,600, compared with \$203,607 for 1918. An interesting point in connection with the profits was the additional amount of \$138,419, acquired partly in remitting earnings to London and partly by appropriating funds set aside for contingencies for which provision is no longer considered necessary. This improvement in the company's position enables it to pay fair dividends to the shareholders. The chairman, R. M. Horne-Payne, also referred in his address at the annual meeting in London on February 3rd to developments in connection with regulating the rates. Following upon the temporary increase to six cents granted in June, 1918, the British Columbia public utilities commissioner was instructed to enquire into the subject, but it was found that new legislation, passed by the Dominion in July, 1919, removed this control to the Board of Railway Commissioners for Canada. This board approved of the six-cent fare, but the company is now subject to dual authority, the Dominion one regulating rates, and the provincial one controlling property. This is considered unsatisfactory, and an effort is being made to bring it back under provincial jurisdiction exclusively.

The British shareholders continue to take an active interest in their property, and this year one of the directors visited British Columbia to examine the situation. A fair return upon capital is, of course, expected. "So long as your company receives fair treatment," said the chairman in speaking to the shareholders, "we have nothing to fear for the future, and there is no reason to expect that British Columbia, which needs capital to develop her resources, will treat otherwise than fairly our splendid enterprise, with which the credit of the province is identified in the investing centre of the world."

BOWMANVILLE CHAMBER OF COMMERCE FORMED

A Chamber of Commerce was organized in Bowmanville, Ont., on February 20th, and the following officers were elected: Honorary president, John Elliott; president, Geo. L. Hall, manager Standard Bank; vice-president, Willard Stevens, farmer and orchardist; secretary, Charles H. Mason; treasurer, Norman S. B. James. Executive council—J. L. Howard, A. M. Hardy, J. B. Mitchell, W. H. Cooke, William Cann, James Carruthers, Dr. James C. Devitt, George W. James, Thomas H. Knight, Milton J. Elliott.