

# The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

F. WILSON-SMITH,  
Proprietor.

PUBLISHED EVERY FRIDAY.

ARTHUR H. ROWLAND,  
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,  
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, OCTOBER 26, 1917.

## FINANCE AND THE NEW GOVERNMENT.

Of the great task which lies before the new Government, financial problems form a prominent part. There is the primary necessity of making the forthcoming fourth War Loan not merely a success, but a great popular success. The details of organisation which have been already arranged, indicate a really vigorous effort to reach all over the Dominion, sources of war funds which were untouched by the previous issues, successful as were those issues in their day. There will be no trouble or difficulty about large subscriptions; the main business that lies before the workers for the Loan's success is to reach the small investor. Hitherto the small investor has not been shown the why and wherefore of his duty in this connection, and that he will respond handsomely to instruction there can be no manner of doubt. The forthcoming Loan will furnish an unparalleled opportunity to the small investor in Canada, to serve his country, to do his part in ensuring a continuance of business activity since a great part of the Loan's proceeds will be applied to the financing of British purchases in Canada, and to secure for himself the best of investments to yield a remarkably high return, judged by normal standards. Those who, as in the case of the readers of THE CHRONICLE generally, understand the bearings of this loan upon the financial and industrial fabric of Canada, can perform no better service to their country at this time, than that of explanation to their less-instructed neighbours of the necessity for the Loan's success, thus both by precept and example bringing the Loan to the triumphant conclusion which is the only one possible for it.

\* \* \*

While the statement of Government policy issued the other day is discreetly ambiguous on the point, there is a well-defined impression that with a Parliamentary majority assured, not much time will be lost by the Government in imposing new and additional taxation. The Government statement of policy calls for "adequate taxation of war profits and increased taxation of incomes, as necessitated by the continuance of the war." Sir Thomas White is already pledged to the continuance of the Business Profits Tax, which it was at first intended should be supplanted by the Income Tax, and it is pointed out in regard to the latter that the standard of exemption is 50 per cent. higher in the case of the new Canadian tax than in that of the new American income tax, and that also, in the case

of large incomes, our neighbors have graded the super-tax more steeply than has Ottawa. Any changes in this direction will, we imagine, be cheerfully accepted, provided that the new Government shows some signs of living up to its pledges of economy and the reduction of waste in public affairs. The figures of public expenditure other than that on the war show that same results have actually been achieved in this direction, but on the other hand, evidence is abundant that much expenditure on non-essential objects is being made, which might be greatly curtailed, though the task of curtailment may not prove an easy one to those responsible for it.

\* \* \*

The Government pledges itself to the avoidance of waste and the encouragement of thrift, as well as adequate measures to win the war. We hope that as one means of making this matter-of-course pledge something more than sounding brass, the Government will give serious consideration to the question of the restriction of imported luxuries. When this matter was pressed upon the Minister of Finance a year ago, in these columns and in other quarters, Sir Thomas White replied that such restriction would tend to prejudice the export trade of France—a step which was not desirable in the general interests of the Allies. We doubt, however, whether the products of France form any very large proportion of luxury imports into Canada at the present time. This matter is rapidly becoming of such importance as to deserve the Government's best attention. The Canadian Bank of Commerce points out that while in the last twelve months, prices in the United Kingdom have risen 22.5 per cent. and in the United States 29 per cent., the value of our imports has increased by 54 per cent. Making due allowance for purchases of military stores, and for imports of material and machinery for the munition industries, there remains clear evidence of unstinted purchases of luxuries abroad. In this connection, it is to be remembered that British and foreign investors are tending to withdraw their funds from Canada, so that we have to meet maturing obligations abroad, as well as interest payments, and in the opinion of the Bank, the amount of our balance of trade, which for the year ended August was \$348,000,000, was not substantially in excess of what is required to meet these and other obligations. When the carelessness or selfishness of individuals prejudice the safety and well-being of the State, as under these circumstances is the case, it is surely time for the State to consider seriously the wise use of its police power.

## WHEAT CROP FINANCING SATISFACTORILY ARRANGED.

It is announced at Ottawa that the financing of the exportable surplus of the Canadian wheat crop of this year has been satisfactorily arranged.

This announcement follows upon the conference recently held between Lord Reading, representing the Imperial Government, the Dominion Government and the executive officers of the Canadian Bankers' Association. Since this conference the matter has been under further negotiation with Lord Reading through the Minister of Finance.

The amount involved is over \$350,000,000 and the satisfactory arrangement which has been made for its financing is of the utmost importance to the western agriculturist.