

THE PROBLEM OF WAR DEBTS AND BANKRUPTCY.

(Continued from page 4.)

taking this date as the period of the end of the war—would be as follows:

| | |
|---|------------------|
| Internal debt (including paper money) | \$28,000,000,000 |
| Due to United States..... | 6,000,000,000 |
| Credits in neutral countries..... | 2,000,000,000 |
| | <hr/> |
| | \$36,000,000,000 |

As an offset to the \$8,000,000,000 due by Great Britain to foreign countries, she has at least \$10,000,000,000 worth of foreign securities, apart from those that she has disposed of during the period of the war. Hence it is safe to assume that the foreign obligations will hardly complicate the problem.

If this amount is paid off in one lump, the revenue needed for normal expenditure and pensions would amount to only \$1,650,000,000, which can easily be raised. But, how is it possible to get this amount? By capital taxation, of course. A great many people are scared by the very mention of capital taxation. All sorts of dire results are predicted if that step were adopted. What is generally forgotten is that such taxation will be on a graduated scale and will fall heavily on the rich. The rich will have to pay the taxes anyhow, in order to pay interest on the loans to which they have themselves subscribed. The capital, wealth, property and management in the country will remain practically unaltered; only there will be some few changes in titles and the destruction of the bonds, loan certificates and treasury notes, which inflate values. Suppose the following scale of taxation were adopted:

| | |
|--|------|
| Part of capital below \$1,000..... | Free |
| Part of capital between \$1,000 and 2,500..... | 5% |
| " " " " 2,500 and 5,000..... | 10% |
| " " " " 5,000 and 10,000..... | 20% |
| " " " " 10,000 and 25,000..... | 30% |
| " " " " 500,000 and 1,000,000..... | 72% |
| " " " " 1,000,000 and 2,500,000..... | 80% |
| " " " " 2,500,000 and 5,000,000..... | 88% |

The figures look threatening; really, however, it is not so. An individual worth \$10,000 is almost certain to have \$2,000 of government bonds. In most cases, it would happen that taxation would mean the tearing up of the bonds held by the individual. Where an individual has not taken a sufficient amount of government bonds to meet this tax, he will have to dispose of his property or arrange to make payments by instalments in a number of years. The public debt office is bound to have a great deal of work; but the government need not be owning or managing ordinary property—as is commonly supposed. Further, everybody will not be offering his property simultaneously for sale, as is believed by some, who think that this is a clinching argument against capital taxation.

The above is only a slight modification of suggestions that have already been made by several prominent writers. I cannot but believe that some such plan would have to be adopted not only by England but by all the belligerents, including the United States. The debt of the United States at the end of April, 1919, would amount to \$27,000,000,000, after deducting the revenue for the two years from taxation. Of this amount \$10,000,000,000 is likely to be due to us from other nations, for which we can afford to wait. The balance of \$17,000,000,000 can be more readily met by capital taxation than in any other country, as our wealth is the largest in the world.

We are expecting a new world from the political standpoint; we are going to have a new world also from an economic standpoint. There is going to be little disposition to let the burden of the past hang over us like Damocles' sword. Every effort will be made to wipe out the past and start afresh. But there will be no bankruptcy of any nation in the world.

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WILLIAM J. TWISS

District Manager

Board of Trade Bldg.

402 PENDER ST. W., VANCOUVER.

DOMINION FISH CATCH FOR JUNE.

An increase of \$300,000 in the total value in first hands of sea fish landed in Canada during the month of June as compared with the same month a year ago is shown by the monthly statement issued from the naval department. The value of sea fish landed in June was \$3,771,107, while in June, 1917, it was \$3,460,999.

On the Pacific coast the weather was fairly good for fishing during June. Spring salmon were reported plentiful on the west coast of Vancouver Island. In the northern district of British Columbia good catches of sockeyes were made by the trawlers. The landing of salmon of all kinds were greater by 2,000 cwt's than those of June last year, but the landing of halibut were 6,000 cwt's. less.