

BRITISH COLUMBIA FINANCIAL TIMES

A Journal of Finance, Commerce, Insurance, Real Estate,
Timber and Mining

Published on the first and third Saturdays of each month at
Vancouver, B.C., Suite 421-422, Pacific Building, 744 Hastings St. W.

Telephone Seymour 4057.

BRADFORD W. HEYER, Editor and Publisher.

Address all communications to British Columbia Financial Times
Advertising Rates on application.

Admitted to the Mails as Second Class Matter.

Annual Subscription: Canada, \$2.00; Great Britain, 8 shillings;
United States and other countries, \$2.50; single copies, 10 cents.

Vol. IV.

VANCOUVER, B.C., JULY 21, 1917

No. 14

Last week there was disclosed in the public press by a Government official an article showing abnormal profits in the handling of bacon by a large Eastern packing-house. The report was made public in connection with the efforts of the Government to enquire into the reason for the high price of food products. The newspaper accounts very naturally overstated the facts and the article was given great publicity and created a deep public impression.

The characterization of the report by the managing director as a tissue of falsehoods did not relieve public uneasiness, and it just happens that the managing director is a very high official in the Imperial Munitions Board and has the chief responsibility in the placing of war orders in Canada. He it was who is reported to have stated some eighteen months ago, in an address before munition manufacturers, "To hell with profits."

While it is reprehensible that this large concern should have made very large profits out of dealing in bacon for the Allies, it may be true, when the full facts become known, that this firm should perhaps be commended for their modesty when it is taken into consideration what they could have made and what other dealers are making in food products. But the damaging idea in the public mind is that exposure of the operations of this company is not the unusual practice, but rather indicative of the whole. Nor does this condition of affairs, namely, abnormal profit, apply only to the dealer in food products, but extends through practically every line of mercantile and manufacturing line where demand is increased through war needs.

The public is getting the impression more and more deeply fixed in its mind that while war is a source of death, sorrow, sacrifice, and untold suffering to itself, those that deal in supplying war and public necessities regard war as only a source of profit. The idea is growing to include not only dealers and manufacturers engaged in war orders and supplying public necessities, but to include what is conveyed by the word "capital." The widespread opposition of the working classes to the conscription issue has been largely created and deeply imbedded in the minds by what they regard as the economic injustices of the present order. The working man, he argues, goes to the front, facing death or disablement, to win a war, while capital does nothing but make a profit. This is at the seat of the demand for a conscription of wealth, whatever that means or by whatever method it is to be put in operation, as well as a conscription of man power. Another way, or perhaps a more moderate demand, is that "profiteering" cease; in other words, that merchants and manufacturers shall work at cost.

The services of this journal are offered through an inquiry column, which is open to subscribers and the public generally without charge, for detailed information or opinion as to financial or industrial affairs or institutions throughout the Province of British Columbia. Wherever possible the replies to these inquiries will be made through this column. Where inquiries are not of general interest, they will be handled by letter. We think that we can assure our readers that the opinions expressed will be sane and conservative, and that all statements will be as accurate as possible.

It does not occur to the working classes or to the public generally that excess profit taxes are keeping down abnormal profits and at the same time is truly furnishing astounding amounts for the prosecution of war.

It is however high time that capital took notice of the deep social unrest now existing throughout the country which manifests itself in part by senseless strikes which are practically inarticulate as expression of the existing unrest. Capital must better look after its true interest and first of all it must fight in its own behalf the overweening cupidity of the unscrupulous "profiteer." It should also seek to get a better hearing from the public and make certain that its case is adequately presented.

The war has brought about a very rapid trend toward the Socialistic principle as witnessed by the ever increasing encroachments of government in business affairs. The public will see to it that these encroachments are made permanent and perhaps extended when peace returns. The principle of capitalism and private property are in danger of being overthrown not by the reckless disregard of the public interest by capital as such but by the intolerable conditions created by business buccaneers trading in war and public necessities.

The entry of the United States into the war is of untold benefit to the Allies. So far the actual results obtained have been chiefly financial. During the first three months since war was declared, the United States have loaned the Allies \$1,300,000,000 for materials and supplies purchased in the United States.

But the financial position of Canada with the United States does not appear to have been advanced by the Republic joining the Allies. The financing of neutrals and the Allies is now a governmental affair, and Canada takes her place alongside of Britain, France and Russia. It seems likely that the United States will loan money to Canada on the same basis as the other Allies, and will finance our heavy purchase of raw materials and supplies which we buy now so largely in the States.

The financing of our import balance with the United States by that government would seem to increase our total indebtedness to that country to a very considerable extent if the war is prolonged. But Canada is now loaning to Britain money on account of purchase of munitions. Thus the debt of Canada to the United States is in effect mounting much slower than the figures show by reason of Canadian loans to the Imperial Munitions Board.

It appears likely that the American market for Canadian securities other than that arranged through the government at Washington will be closed to us.

Provincial, municipal and corporation financing will have to be handled in Canada or go unfinanced. The pressing needs of the provinces and the cities of Canada can be financed at home. However, they must show cause and make out a strong case before the money will be forthcoming. In the meantime public improvements of all but an essential nature must be postponed until after the war. Large corporation financing must also be deferred. It is, however, likely that financing in a semi-private way will be carried on across the border or be taken care of by our banks. The experience of having to depend on ourselves will do business a world of good. Out of it all Canada will become more self reliant and depend more on our own financial resources to develop and extend our natural resources and industries.