

The extent to which this increase is due to war debt is shown by the following comparison:—

	Int. and S.-F. of Pre-War Debt.	Required for Int. and S.-F. of Debt in 1920.	Percentage of estimated 1920 expenditure required for Int. and S.-F. of Debt.
Germany	[239.4]	[12,400]	23.6
France	[1,287]	11,463	23.4
Italy	[688]	5,346	21.7
U.S.A.	[26.9]	1,052	[20.9]
United Kingdom ..	[32.7]	345	29.1
Canada	[14.75]
Japan	[142.6]	94.5	6.0

The position of France is due not only to the great rise of prices in that country, but also in part to the fact that fourteen billions of francs are included in the estimate of expenditures for 1920 for restoration of war devastated areas. There are other variables with respect to other countries, but on the whole the comparison is a reasonable one.

The following table shows the combined direct and indirect taxation per head in six of the principal nations. These figures, with the exception of the last column, are also derived from publications by the League of Nations in connection with the Brussels Financial Conference.

	Unit of currency.	Taxation per head.	Taxation per head in \$ at par of exchange.	Taxation per head in \$ at present exchange.
Germany	Mark	474.9	115.1	6.5
United Kingdom ...	£	22.2	107.	76.5
France	Franc	416.8	80.4	24.5
U.S.A.	\$	56.5	56.5	56.5
Italy	Lira	94.8	19.3	3.3
Japan	Yen	11.3	5.6	5.7

THE TARIFF AND FINANCE

FINANCIAL institutions have no cause to fear any tariff reduction movement which may attain political power in Canada. Apart from fixed investments already made, capital can in fact stand aloof from the protectionist strife. In the final analysis it makes no difference to the investor whether his funds go towards the development of primary industries or manufactures; what he does look for, however, is a reasonably stable public policy, so that an industry may not enjoy substantial protection in one year, and be suddenly faced with open competition the next year; and he is also interested in maximum productivity, for the greater the return from industry the greater will be his interest or profits.

Whether the expansion of the next few years is in the country or in the city is not of great concern to insurance companies. Life and most lines of casualty insurance are written for individuals, while fire insurance is equally advantageous to the farmer and to the manufacturing and trading company. During the past few years, in fact, better results have been obtained from fire insurance in rural communities than on city mercantile and manufacturing risks, while a healthy rural development holds forth good prospects for a larger per capita average of life insurance and a lower death ratio.

In banking also there is equal scope for expansion in country and in city. Bank credits are liquid, and readily move to wherever the demand for funds is the greatest and the opportunities for profit the best. Even if some of the banks may be closely tied up with manufacturing enterprises which might be dealt a severe blow by tariff reduction, the fact that their security is the stock in trade rather than the fixed capital would protect them from loss. Loan companies look to the farms for a profitable investment field. Other financial institutions, such as trust companies and security

houses, are finding the farmers some of their best customers at present.

While, therefore, those who are directly interested in manufacturing enterprises may well look with concern at the rising power of the low tariff interests, there is no identity of interest between capital as a whole, or financial institutions, and manufacturing. The shrewd investor will merely keep an eye to the future, knowing well the uncertain basis upon which a large part of our manufacturing rests, and the tremendous impetus which would be given to agricultural development, and to the industries of the forests, the mines and the fisheries, by a tariff reduction with its resulting lower costs of operation.

KEEP ACCOUNTS FOR INCOME TAX

AS the new year approaches, the Royal Trust Company, which has had great experience in the making of income tax returns for its clients, issues a timely warning. Many of the difficulties which taxpayers find themselves in, as the company says, are due to defective bookkeeping. Now the Income Tax Act expressly declares that "If a taxpayer fails or refuses to keep adequate books or accounts for income tax purposes, the minister of finance may require the taxpayer to keep such records and accounts as he may prescribe."

Don't wait for Sir Henry Drayton to "prescribe" for you. Make up your own prescription, and take it. Now is the time to begin, for the tax has to be calculated on the income of every calendar year, opening on January 1.

Wholesale prices are now below their level of a year ago. The post-war rise in prices, which was the most rapid if not the most extended, will soon be entirely lost.

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Contraction in business is already indicated by the November bank statement. Savings deposits, call loans outside of Canada and circulation are the only important accounts to show increases.

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Falling prices are sure to bring a reduction in trade, banking and other measures of business activity. It is not the monetary value but the actual amount of commodity trading which counts, however. As the article in last week's issue shows, much of the supposed war-time growth was merely a matter of figures, emphasizing the famous remark that "there are three kinds of lies, namely, ordinary lies, damned lies, and statistics."

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REDUCTIO AD ABSURDUM

The Scarboro', Ont., Public Utility Commission, in an effort to relieve local unemployment, has decided to lay water mains by hand this winter, instead of by the quicker and more efficient method of the ditching machine. This brilliant solution may be effective locally, but let us hope that it is not carried too far. It recalls the following story:—

With a clatter and a roar the steam shovel dug its relentless claws into the bank, picked up about a carload of earth and dumped it into a waiting truck.

"That's just it," sneered a tired-looking man who was standing by. "It makes me wild to see a piece of machinery taking the bread out of honest men's mouths."

"Don't quite see how you make that out!" remarked the foreman in charge of the gang.

"Well, isn't that machine doing the work quicker than 100 men with picks and shovels could do it?"

"That's so," agreed the foreman. "And, according to that argument, wouldn't it be better still to employ 10,000 men with toothpicks and salt spoons?"