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THE WEST'S TAXATION POLICY.

The antipathy which appears to prevail generally throughout the West against banks and financial institutions, especially large financial institutions, is now taking the practical form of additional taxation. The West is young and has not yet discovered that taxation when used merely as a weapon is apt to prove something of a boomerang. At the present time proposals are being made in Alberta for taxation of this kind which will affect banks, insurance companies, loan companies and trust companies. The excuse for this new legislation is made that corporation taxes in Alberta have always been lower than in any other province in Western Canada. Be that as it may, the new proposals are certainly severe enough to save the province in the future from the apparently undesired reputation of giving to financial organisations more favorable consideration than is given by the other provinces. The banks are the chief sufferers. It is proposed to raise the tax on the leading office of each bank in the province, which has hitherto been \$400, to \$1,000, and to impose a straight tax of \$125 on all other offices, instead of a sliding scale of taxation which stopped at a maximum of \$1,800. Thus a bank with 50 offices in the province will be called upon to pay \$7,125 in taxation instead of \$1,800, and as at present there are 18 banks doing business in the province having about 260 offices, it is expected to realise from this taxation about \$48,000 annually. Whether, however, those 260 offices will remain in the province when this new taxation has been put in force is a matter of considerable doubt. It would not be at all surprising to find a good many of them shut up, and the banking facilities of the province curtailed to an extent which will be surprising to the sponsors of this legislation. Active competition for locations in new settlements has resulted not only in the West being supplied with banks on a scale hitherto unheard of in a new country, but it has also resulted in many of these new branches giving none too lucrative a return of profit. In recent months,

there has been a notable cessation in the opening up of new western branches by the banks, and under the present circumstances of monetary strain and necessity for retrenchment, the taxation policy outlined may well prove a deciding factor in the closing of outlying branches.

In regard to the new taxation of insurance companies, loan companies and trust companies, the excuse is made in each case that the taxation is only being brought up to about the same level as in Manitoba, Saskatchewan and British Columbia. It is a very poor excuse, a reflection rather on the wisdom of the legislatures of the respective provinces than affording Alberta any justification for its present action. The astonishing thing is that this new taxation synchronises with a wild outcry throughout the West against the interest rates which the borrower has to pay, and, in one province at least, the elaboration of a big scheme, which will as its advocates say, enable loanable funds to be secured more cheaply. On the one hand, by this new taxation the provincial authorities are doing their best to keep up the price of funds to borrowers; on the other, they are seeking ways and means of enabling borrowers to secure cheaper funds. They may be under the illusion that the new taxation is a hit at the lending organisations *per se*, and that the borrower will not be affected thereby, and they are not perhaps likely to be directly disillusioned. But nevertheless it is a certainty that for taxation of this kind it is the "ultimate consumer" who pays—whether he be borrower as in this case, policyholder, as in the case of taxation upon life and fire insurance premiums, or purchaser, as in the case of imported goods upon which there is a high duty. Moreover, it hardly appears to be the obvious part of wisdom for provinces which are entirely dependent for their development upon capital from outside their borders to place heavy burdens upon that capital. To pursue a policy of that kind is merely to make themselves unpopular. And popularity in these days is an asset not to be despised by a heavy borrower.