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BAITING CAPITAL.

The influence of what has come to be generally known as the war on business in the United States seems to be spreading to Canada. As yet, it can be said that the influence is not particularly marked, but there are ominous signs which do not bode well for Canada's future. Politicians find capital-baiting a popular policy which has the enthusiastic support of a clamorous section of the partizan newspapers with which the Dominion is afflicted, and they are adopting it to an increasing extent. And recently there have been signs of at least the partial adoption of this kind of policy in quarters where it might be reasonably expected that a wider and more statesmanlike view of matters would be taken. The Dominion Government, for instance, puts forward proposals to amend the Insurance Act which simply mean, in effect, that if they are put into operation, the British and foreign life insurance companies who now have many millions of their capital invested in Canada in excess of the sums required to safeguard their Canadian business, and are adding to those millions, very large additional sums year by year, will be compelled in the interests of the great body of their policyholders resident elsewhere than in Canada not only to cease their policy of further investment in the Dominion, but also to gradually withdraw a large proportion of their funds at present invested here. It is inconceivable that such proposals should be seriously persisted in but that they are put forward at all is a sign of the times that is well calculated to make those controlling capital pause and think seriously.

In the matter of grossly unfair taxation of capital, the provincial governments, and through them scores of municipalities, are hardened sinners. Year by year these imposts grow more and more preposterous, as the Governments become more greedy of taxes which are so easily collectable, and it is only by a policy of passing-on as directly as possible these imposts to ultimate borrowers—a policy which is now being adopted in a number of instances—that the provincial governments through the ultimate borrowers who have votes, can be brought to reason. Not content with ridiculous taxation, the Ontario Government has lately passed a measure which is

practically a confiscation of the business plant of numerous insurance companies who have spent much money in building up their connections in that province, and have, as is generally admitted, transacted their business in a fair and honourable manner, and would have continued to transact it on the same lines under new conditions. Instead of being allowed to do that they are told that they are no good and their business is destroyed by a mechanical majority of politicians, the greater number of whom, it is safe to say, know nothing of the merits of the respective systems of workmen's compensation. After this, what business is safe in Ontario? The provincial government may take it into its head to start a provincial bank and compel everybody in the province to use it and to use no other under pain of fearful penalties. True they would make a sad hash of it, as indeed, they may well do with their workmen's compensation scheme before much time has gone by.

It is a narrow parish pump point of view which imagines that Canada is the only country in the world offering great opportunities for the employment of capital, and that no matter how unfairly it is treated, it is bound to come here anyway as a sort of last refuge. The facts are totally opposed to any view of this kind. In the next twenty years, there will be in the international money markets what Lord Milner recently called "a scramble for capital." More than one South American republic of enormous extent is now in much the same circumstances as Canada, with a stable government and limitless resources which have hitherto been scarcely scratched. The Far Eastern countries are fast advancing to the same position—hundreds of millions of capital will be required by them in the next ten years. Even Russia, generally regarded on this side of the Atlantic as an old country, has not yet developed a fraction of her resources. Sentiment may count for something, but it will not suffice to offset the fatuous taxation policy of the Canadian provinces and municipalities and such disturbing incidents as that which has lately occurred in Ontario. Capital will go where it is treated most fairly, and it is a suicidal policy that indulges in the constant pin-pricking that has lately become popular with Canadian politicians.