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It will be difficult to pass judgment on the comprehensive scheme of taxation which is proposed to be enacted into law, introduced into the Dominion House of Commons by the Finance Minister, until the full text of the proposals are at hand and then carefully perused. Press despatches are all that are available at this date.

The problem before Sir Thomas White is, in the very nature of a war budget, a very difficult one to solve. Revenue must be augmented, and yet taxation should not be imposed to the point where it stultifies or unduly interferes with business, the progress and well being of which is the basis of governmental revenue. What the point is, therefore, to which taxation may be brought which will give a maximum of revenue and still not impede commerce and industry, is the problem of governmental finance. A kindred problem also is the ability of the present business generation to absorb war bonds to the ultimate capacity without affecting the credit of the issuing state. The combination of these two makes up the maximum revenue of a state in war that may safely be borne for a period that would seem reasonable to expect would carry the state to the termination of war.

The principle upon which Sir Thomas has based his increased taxation is upon business profit. While it is perhaps one of the most difficult things to determine, and will yield an amount that no one, however closely in touch with business in the Dominion, could come within a safe approximation of, it is nevertheless an eminently safe and equitable basis upon which to rear a taxation scheme. The balance of revenue will be raised by issue from time to time of five-year 5 per cent. Dominion debenture stock. The total appropriation for war expenditure for the fiscal year ending March 31, 1917, is \$250,000,000. This is in addition to ordinary expenditure as estimated by the Finance Minister at \$135,000,000, and \$30,000,000 on capital account. He estimates that \$215,000,000 will have to be borrowed for the war during the next fiscal year. In other words, Sir Thomas expects that his scheme of taxing business profits from the 4th of August, 1914, to November 1, 1916, when the business tax will be payable, will yield only \$35,000,000. In this he seems to be conservative, and it would not astonish us to see a very much larger amount raised, in which case a smaller amount of debentures will be issued.

Without being specific or going into details, the scheme proposed is to tax profits of incorporated companies of capitalization over \$50,000 twenty-five per cent. of profits in excess of seven per cent. earned. Determination of profits will be decided by order of the Finance Department. For the same amount of capitalization, unincorporated companies or firms, partnerships, etc., will be taxed twenty-five per cent. of profits in excess of ten per cent. earned. Insur-

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.

ance companies are exempted from additional taxation, but half their profits for the ensuing year must be invested in Dominion Government bonds.

We are happy to note that there is no taxation proposed upon farms, personal effects or incomes of those engaged in the basic industry of agriculture. Agricultural production is the supreme need of Canada and the Empire during this war, and no steps should be left unturned to bring this production to the highest point possible. The crop of 1915 turned the tide in our economic well being, and a bumper crop in 1916 will afford inestimable means of prosecuting this war and advancing our material prosperity. Refraining from taxing the agricultural industry should produce a vital influence on agricultural development and stimulate an agricultural immigration.

The proposed increase of customs tariffs on apples from forty cents per barrel to ninety cents per barrel should produce a very beneficial influence on our provincial fruit industry.

The question of increased taxation is a very unpleasant duty for a Finance Minister and a people to face, but it must be met in a spirit of patriotism which welcomes sacrifice for one's country. It brings our business interests into closer touch and sympathy with those who are on the battlefields of Europe prepared to make the supreme sacrifice.

The determination of the Dominion Government to refuse the request of the business interests of British Columbia to appoint a Canadian customs official at New York for the purpose of handling goods in bond to and from the ports of British Columbia for Eastern Canada and Europe, is another illustration of the failure of the East to recognize the needs of the West Coast. But British Columbia must press the issue from session to session until the demand be granted. The shipping interests of British Columbia must be given every opportunity and advantage if British Columbia is at once to minister to the development of the prairies and serve its own development. No mere negative must be taken to this question. The Dominion authorities must be made to know that the people of British Columbia require this small advantage to their maritime trade, and that they regard it as their due.

We must confess that for the period of the war the advantage to be derived would be small. The enormous charter rates, which are still climbing, keeps practically every charter capable of being used in the Atlantic service, in that service. Only lower charters and lumber carriers can operate through the Panama Canal, whenever it shall be opened to traffic, from the Atlantic to the Pacific, and vice versa. The trade on the Pacific to Vladivostock is made by special arrangement, and is not adversely served by failure to have a customs official at New York.

But after the war the advantages of having a Dominion official at New York will become more patent, and we of British Columbia can press the point with greater chance of effecting favorable action. It is, however, for the purpose of preparing trade to use New York to serve British Columbia and the prairies that the appeal was made at this session of Parliament.