

BRITISH COLUMBIA'S LUMBER

The lumber industry of British Columbia has been marked by trade depressions and financial troubles. What is needed more than anything to-day is the stabilizing influence of widespread and varied markets. British Columbia is placed in an excellent position to do a large export trade. Markets should be developed which will take the low grades, always available when high-grade lumber is sawn. For these low grades Japan, China, India and the west coast of South America offer opportunities. The lumber trade of the Pacific is almost a monopoly of the Pacific States and while British Columbia has a large and important market in Canada it can with great advantage do its part to break that monopoly. Hon. T. D. Pattullo, minister of lands of British Columbia, has properly said that with varied markets, crop failures in our Western provinces would never again have such distressing effect on our Pacific coast province. Lumbermen, stumpage-owners, and loggers, he reminds us, have learned from the experiences of the last three years that before the lumber industry can be put on a sound footing ready to withstand further waves of depression adequate markets must be secured and held.

CANADA'S COAL SUPPLY

That the time may come when the United States may deem it expedient to reserve her supply of coal for her own use, is not impossible. Dr. George Otis Smith, director of the United States Geological Survey, commenting upon the world's supply of coal, and with particular reference to the reserves in his own country, states: "This glance at the world's reserves of coal shows plainly not only that the United States leads all other countries in production, our annual output being nearly 40 per cent. of the total, but also that it possesses the greatest reserves. Yet in respect to no mineral is there greater need to emphasize the folly of exporting the raw material. Let us keep our coal at home, and with it manufacture whatever the world needs."

The seriousness of the Canadian coal situation has been referred to in these columns on several occasions during the past few years. Examples are not wanting to show that when countries have recognized the fact that certain of their natural resources were essential to their national welfare, policies have been adopted designed to stop or curtail the exportation of such natural commodities. While our relations with the United States are

likely to be always most friendly, our coal problems are difficult. Despite the good feeling existing between the two countries, we have had several unpleasant experiences in obtaining a sufficient supply of coal, notably last winter. In his article in *The Monetary Times Annual*, 1917, Mr. Arthur V. White, a well-known consulting engineer who has made a specialty of this problem, repeated statements made from time to time by various United States authorities which cannot allow us to forget how dependent we are upon the United States for our coal supply. Whether a Canadian supply can be developed is one of the matters which we assume will be considered by Mr. C. P. McGrath, the recently appointed fuel controller in Canada.

WAR TAXES AND BOND ISSUES

The United States government will probably adopt a war finance policy somewhat similar to that of Canada, by relying in the beginning upon bond issues more heavily than upon taxation. As the Alexander Hamilton Institute authorities have pointed out, if taxes are excessive during the first year of the war the future savings and future profits from business will be so seriously impaired that further financing of the war through taxation and borrowing will be made difficult. In England no heavy taxation was imposed until business profits had increased and personal incomes had been enlarged by participating in the expansion of business incident to the war. Proof of the wisdom of a gradual increase in taxation is found in the large amounts of excess profits and income taxes which Great Britain levied during the past year and expects to obtain during the coming year.

Those who buy bonds, do so because usually they can spare the money for the purpose. This has been amply demonstrated in the experience afforded particularly by the English and Canadian war loans. Bond purchases do not lessen the production of wealth or injure business. Of British war funds raised in the past 32 months, 25.3 per cent. has been obtained by taxation and 74.7 per cent. by borrowing.

While the policy of defraying the cost of a war at the time it is being waged is attractive, that course is impossible in this war. The Canadian government has assumed that it is justified in placing upon posterity the greater portion of the financial burden of this war, waged as it is in the interests of human freedom, and for their benefit in equal if not in greater degree than for our own. We should provide what we reasonably can without impairing our economic strength. At the same time, we must provide the full portion.

TO ELIMINATE PATRONAGE

The elimination of patronage in connection with all government business was the subject of a resolution introduced by Mr. J. P. Murray, Toronto, and adopted by the Canadian Manufacturers' Association at their convention. The resolution advocated the adoption by our governments of the principle of full and free competition among Canadian producers and suppliers. The preamble stated that government patronage, both federal and provincial, is often the controlling factor in determining who shall enjoy government business; and that this influence constitutes a source of unnecessary embarrassment to our governments and acts as a harmful check to free action on the part of their members. It also gives rise to many injustices as between those on the patronage list and those not so listed; and pecuniary loss is oftentimes sustained by the country or by our provinces through the unwarranted discrimination made under

this system between possible competitors for government business.

LIBERTY LOAN RESULT

Liberty Loan subscriptions totalled \$3,035,226,850, an over-subscription of nearly 52 per cent.

The final tabulation was officially announced at Washington last week, showing that more than 4,000,000 persons bought bonds. Ninety-three per cent. of subscriptions, or those of 3,960,000 persons, were for sums varying from \$50 to \$10,000, while twenty-one subscribers applied for allotments of \$5,000,000 each or more. The New York Federal Reserve district led the list with subscriptions totalling \$1,186,788,400, or more than three times the amount subscribed in the next district, Chicago, \$357,195,950.