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OUR NATIONAL FINANCES. It is quite natural that there should be an unusual degree of interest taken in Canada's budget, as set forth on the 20th inst., by Hon. Mr. Fielding, Finance Minister; quite natural, too, that it should be manifested by outsiders, as well as by our own people. While it cannot be said that our national affairs have reached anything in the nature of a crisis, it is nevertheless true that the pathway immediately ahead has some difficult places, and a great deal depends on the methods and policies by which we get through them.

In connection with our finances, the majority of unpartisan observers will have clearly perceived that one of the vitally important features is the necessity of borrowing and guaranteeing very large sums in the next two or three years. In the current year capital expenditures will call for something like \$36,000,000. In this year and next about \$45,000,000 of old loans mature. Probably \$100,000,000 will have to be directly borrowed in the two years on these accounts. Over and above this, is the necessity for guaranteeing and aiding the Grand Trunk Pacific Co. to construct its portion of the new system. It is possible that the Government may eventually be obliged to itself finance a goodly share of this capital cost; and between now and the 1st April, 1911, the Minister of Finance may have to borrow \$150,000,000, or even more than that in London—this in addition to placing his guarantee upon obligations of the Grand Trunk Pacific marketed by the company itself.

BORROWINGS AND RESOURCES. Obviously, this necessity of having to borrow very heavily—is something that should not be forgotten for a moment. Of course, we have a glorious heritage, comprising vast resources, but it will never do to break our back financially through trying to develop the resources too rapidly. There are many instances of men possessing fine businesses, with great profits in prospect, being ruined through spreading out too rapidly.

Any capable and experienced business man confronted with the prospect that confronts the Government to-day, would firmly make up his mind to keep his actual borrowings down to the lowest possible figure. He would economise in every possible direction, and would ruthlessly turn down every pro-

posal or suggestion that he undertake fresh enterprises calling for expenditure of his precious capital. His vigilance and conservatism would never relax till he found himself safely through his big project.

That plainly is the policy called for in the management of Canada's affairs to-day. Until we get safely through our big project, other new enterprises calling for large expenditures should not be undertaken; our strength should be concentrated on the one thing.

VIGILANCE AND CONSERVATISM.

It is preferable that the Minister of Finance should take the course he did—in announcing that economies would be practised and conservatism exercised in undertaking new expenditures—rather than to increase taxation. The present is a time of pretty universal retrenchment on the part of the people. An increase of taxation, whatever form it took, would not be accepted kindly. And as for the tariff, it is well known that the business interests of the country, on the whole, do not desire frequent changes. In any case, the tariff situation in the United States is such as would naturally prevent Mr. Fielding from taking action at present. Nobody knows just yet, what will be done at Washington, and how the people of the States will accept the outcome. Until the drift of tariff matters in the neighboring country is more clearly apparent, it is plainly our policy to do nothing.

No one can help seeing that there are people in Western Canada who desire freer trade relations with the republic; and with the growth of the political power of the West, some recognition will perhaps have to be accorded this sentiment, when that can be done without destroying or seriously damaging important Canadian industries.

There was in reality no pressing need for increased taxation, since the \$46,000,000 addition to the debt—which represents the real difference between income and outgo—consisted largely of items which could quite properly be charged to capital account. Apart from the expenditure on the new railway and on other special capital items, there is good reason to expect that income and outgo for the current and succeeding years can be met by economies such as every business man has been putting in force, and through the gradual increase in revenues resulting from trade recovery and expansion.