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## On the Paying of Debts—Municipal and Otherwise

**Growth of Moratorium Idea and Financial Pressure Responsible for some Ill-advised Proposed Financing by the Municipal Council of Vancouver.**

The excesses of the boom period are now an unpleasant experience. Liability that was contracted in the mellow glow of financial exuberance now dogs our steps as a surly and malignant cur. In the midst of a severe reaction, progress of which would have tested and tried our financial abilities and acumen, a calamitous war broke out. Such a violent economic disturbance resulted in the world centres of finance and trade that resort to violent expedients was taken. We believe it was in France than the expedient had its inception. A moratorium was declared. There its application extended to rents, interest, commercial instruments, finance bills, acceptances and covenants, etc. Britain followed more slowly, but nevertheless followed. All Latin countries and South America came under its sway. The idea seeped through to Canada, and on west to British Columbia. We at first thought it had some connection with death—death to debts and the heart of the business man, over-burdened with speculative commitments, waxed warm with glee. Later its more correct content became better known as a delay or deferring of payment of debt. The above-mentioned gentleman became not so gleeful, but nevertheless more comfortable than he had been hitherto. He realized that he must pay his debts; but they could be deferred to a more auspicious occasion. He had not the remotest idea of when that auspicious occasion would arise, but he had visions of the dawn of a day in the distant or not distant future—it was future anyway—when the paying of debt would be made easy.

It was a fortunate condition that the general institution of a moratorium covering financial and commercial instruments was little mooted. The idea, however, as it concerned land payments, covenants, and all classes of contracts relating to land, took root in Western Canadian soil. The East was not altogether free. Ontario clamoured for the enactment of land moratorium legislation, and it was only because the superior grasp of its meaning was better comprehended and the fact that the land situation was much less aggravated there than in western Canada that such a

proposal was defeated. But in Western Canada the idea grew as the situation became worse. A partial crop failure intensified the demand for remedial legislation. As early, we believe, as in September, 1914, the late premier, then the attorney-general, in a speech at Nelson, promised the consideration and the probable enactment of land moratorium legislation at the forthcoming session of the British Columbia parliament.

In the spring session of all the provincial parliaments of the Western Canadian provinces land moratorium legislation was passed. That of British Columbia came rather late and if any virtue can be attached to the principle or practice of moratorium it must be

confessed that it was the most moderate and best considered of any enacted in the Western Provinces, and saying that is all that can be said in its favour. Against the injury and harm that it has done, the slight good in exceptional circumstances it has accomplished is like slaughtering an elephant to save a parasite that feeds on him.

It was once said by a prominent patriotic American that if the United States ever got into a war it would be the prime duty of its citizens to hang every legislator and lock the doors of congress. With that opinion we will not quarrel, but it is true that the financial troubles of Great Britain and France after the readjustment to a war basis were directly induced to moratorium declaration or enactment. Delay begets delay, and the evils which moratoria would allay almost demand their continuance for the injury they work in the final doing away with them. Britain took more drastic action to stop its pernicious activity. France still clung to the principle, making only gradual relaxation and thus preventing the more rapid return to sound economic conditions.

As to its application to British Columbia, we make bold to say that had it not been enacted British Columbia, from the point of view which it affects, namely real estate, would have been at this date in a fair way to recovery. What recovery there has been in industrial and commercial conditions in this province has been in spite of this piece of legislation. When an individual attempted to do something, or a group of men or a class of industry or trade, he or they were always confronted with this weight of liability hanging as a pall over the financial structure, and these lia-

Victoria, B. C., Dec. 14, 1916.

The Editor,  
British Columbia Financial Times,  
Vancouver, B. C.

In response to your request for a message to the business interests of British Columbia, I think I could give none of greater import than by expressing the sincere wish that the business men of the Province may use their great power and influence in the direction of emphasizing the necessity for governmental, business, and private economy.

In the midst of this devastating war, so wasteful of humanity and wealth, recent events—while only delaying what we know will be the ultimately successful issue—have pointed out the tremendous sacrifices that will have to be made, and the courage and fortitude that will have to be exercised to ensure this end, an end which, I regret to think, may yet be a long way off.

It is necessary for all to contribute. Everyone can do something, if not in the military then in the economic field, and I am deeply impressed with the results that would obtain from the provincial-wide practice of thrift by all our citizens.

It profoundly becomes the business men of British Columbia to exercise the most rigorous economy in their business and private affairs, as far as this is consistent with the aggressive development of resources and the conduct of legitimate business undertakings. They might also exert great influence to urge this practice upon the community. Economy should be popularized. With the proper mental attitude toward the present crisis, private expenditure could be reduced, and all extravagances eliminated. Wastefulness might result in aiding the enemy, saving and thrift will help the country to win the war. What greater service could the non-military element in the Province render to the cause of Empire than to save and lend to the Government, that it may have abundant sinews with which to wage this righteous war?

H. C. BREWSTER,  
Prime Minister.