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The announced intention of the Dominion Government through Sir Henry Drayton, Minister of Finance, not to borrow is a very laudable and praiseworthy policy. The Finance Minister is laying out a fiscal policy which will involve the payment at maturity of Victory Loan bonds maturing in 1922, 1923 and 1924, from funds raised by the excess of revenue over expenditure. Those maturities must involve between 850 millions and 900 million dollars so it will be seen how ambitious the Finance Minister's plan is. A splendid move in this direction has been made during the present fiscal year and new taxes, including sales and luxury taxes it is now estimated will bring in sufficient and from other income to make revenue exceed expenditure by \$200,000,000. This is an exceedingly satisfactory state of affairs, but just how long it will continue is problematical and just what will be the effect on industry is yet another question. When business is active and profits are high taxation may be rigorously imposed on a high scale, but when business begins to falter and competition involves a shrinkage of profits then taxation becomes a serious question and a severe drain upon the financial resources of the people of Canada.

British fiscal policy, involving a high rate of income taxation in addition to business profits and excess profits taxes, is causing a great deal of serious concern among the business interests of Great Britain. The present Chancellor of the Exchequer has carried through Parliament two budgets involving large increases in the rates of taxation. The business interests were frankly doubtful as to the success which these budgets would attain, but the chancellor confounded his critics in the tremendous success which his taxes yielded. These were two years of rapid recuperation from the effects of the war with large profits, and did not have any adverse influence upon either manufacturing or trade, but during the present year British manufacturers have filled the void of general commodities and there is today in process a trade reaction of considerable proportions. Competition is keener among British manufacturers and foreign countries are making some inroads on the domestic trade and general business is feeling this period of dullness. The present heavy rates of taxation are proving more burdensome and the general business interests are beginning to make more complaint of their burdens. Some financial commentators and economists are raising the question if after all the rate of taxation is not proving a deterrent to business and not perhaps inducing the trade dullness which is now being experienced.

It is a very difficult question to answer, and economists may well and long debate the question without arriving at a definite conclusion. Yet it is a question which Canada

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 reliable and conservative, and that all statements will be as accurate as possible.

cannot afford to experiment with where there can be any question of doubt. Admirable as the intentions of the Finance Minister are, and it meets the unanimous approval of the business interests, still there is something more important than the Government pinching industry in order not to be forced to fund some proportion of its maturing obligations.

Canada is in the condition of a country rapidly expanding and rapidly bringing into economic use its great heritage of natural resources and in its attractions to both settlers and capitalistic enterprise it must make conditions such as to encourage rather than to discourage our development. Every settler coming to Canada, every investment made here, every enterprise begun and new concern started means the pro-rating of the entire capital debt over that many more people and industries than at present obtains, and thereby lightens the burden to that extent.

We think that with an income tax graduated to affect the larger incomes with the maintenance of the present luxury and sales tax, will reap a very large revenue after a drag net has been so comprehensively employed as to let none escape except those who are entitled to escape by the law. It lies rather on the question of reduced expenditure than on the question of increased taxation that the progress of meeting maturing obligations will rest. If for instance, and it is not beyond the bounds of possibility, a trade reaction sets in in Canada of serious proportions then the burdens of the present rate of taxation will be much more keenly felt than at present, and there may result an actual discouragement to industry and trade by reason of a depression adding to the burdens of the business men of Canada. This situation must be watched by the Government with a great deal of care and the way should be open for a reduction in rate when the adverse influence of the present or the future rate is reasonably proved.

MINISTER OF LABOR ON TARIFF TOUR

The Honorable Gideon D. Robertson, Minister of Labor in the Dominion Government, was present in the Province last week on the occasion of the Canadian Tariff Commission hearings of which he is a member along with Sir Henry Drayton, Minister of Finance. Senator Robertson, in addition to commanding the confidence of the labor world to an unusual degree also commands the confidence of the business public. As an ardent trade unionist and advocate of laboring interests, he is yet so sane, common-sense and fair that he enlists support of commerce and industry in his great work for conciliation and co-operation as between the general working man and his employer. The Senator stated that he met everywhere a disposition to co-operate as between labor and capital, which had been unhappily almost absent since the armistice. The radical element working through the trade unionists had lost the confidence of the members. The One Big Union movement had about spent its force and he expected gradual coalescence of the saner elements of this union with the trade unionists with the irreconcilables continuing as a small unimportant factor in the industrial life of Canada.