

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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## LIVING COSTS

One of the chief reasons for the increase in Eastern freight rates is the substantial gain in railroad expenses. The cost of fuel to operate 100 miles was 30 per cent. higher in 1914 than in 1907. While from 1899 to 1914 train-mile earnings increased 89 per cent., the cost of service per train-mile increased 112 per cent., notwithstanding economies attributable to locomotive power, lower rates, better loading, and increased traffic. Between 1910 and 1914 earnings increased 10.6 per cent. and expenses 17.27 per cent. In 1915, earnings increased 5.3 per cent. and expenses 12.4 per cent. Railway ties now cost 45 per cent. more. In the five years from 1909 to 1914 railroad salaries and wages increased 52 per cent. The Dominion Railway Board state that the increases which they have permitted in freight rates are justifiable "entirely on the mere fact of the increases in railroad expenses and having regard to traffic of normal years." In short, the cost of living for the railroad has appreciated just as it has in other spheres.

High prices usually accompany periods of prosperity and good business. Living costs were high here throughout the period of abnormal activity which culminated in 1912. A tendency towards lower prices was evident in the two years following. But since the outbreak of war, because of our large crop last year and the substantial war orders placed here, business has been active, a war prosperity has prevailed and prices have advanced so that the cost of living is becoming once again an acute factor. With the arrival of a period of depression after the war prices will probably decline again. When money is circulating abundantly, and credit is satisfactory, everybody ask and get high figures for goods and service.

## NORTH PERTH, ONTARIO

In the North Perth constituency of Ontario this week, a Liberal candidate defeated the Conservative nominee and transformed a government majority of 1,117 into an opposition majority of 627. In a strongly Conservative province, that is an event which must have had substantial cause. The explanations of Ontario's cabinet ministers (and we write as a journal which has never entered partisan politics) have missed the vital reasons. The statement of one minister, for instance, that North Perth in some respects is an unusual riding, that conditions there are not uniform and especially the statement "I do not regard it at all as an indication of the sentiment of the province," are belittling the significance of the result.

The Ontario government may easily discover the reasons which accounted for the defeat of their candidate by reading the heart of the rank and file. They are ignorant of or blind to the dissatisfaction of members of their own party and of voters at large. The Ontario cabinet has become an autocratic institution in a democratic country. That is the verdict of hundreds of Conservatives who will take the strongest possible measures, as they say themselves, "to teach the government a lesson." The dislike of autocracy shared by the opposition and by independent voters who are becoming more numerous as years pass because of the unsatisfactory political state.

The same argument applies to federal politics and to politics in other provinces. The political machine has been running the country, the people being generally regarded as automatic parts of the machine to be cranked at will. While the blame for the present condition rests with the country at large, the time has come when the people are beginning to revolt. They do not like autocracy, or premiers (some without backbones, some without honesty), or bribery and corruption in high places, all of which they have had in the last few years in nauseating quantities. If politicians refuse to read the signs they will have to taste defeat at the polls. Defeat of such mistaken ideas of government is good for the country. There is much truth in the remark of the somewhat erratic W. F. Maclean, M.P. (South York), that "the rest of Canada will vote with Perth if Mr. Hearst, Mr. Cochrane and Sir Robert Borden invite them to do so."

## BUSINESS INSURANCE AND NEW TAXES

Insurance men have been greatly interested in the statement made by the Dominion government to *The Monetary Times* last week as to how premiums paid on business insurance policies will be treated in connection with the business profits war tax act. At the request of *The Monetary Times*, Mr. R. W. Breadner, taxation officer, gave the following ruling: "The premium paid on such a policy would be an asset and, therefore, could not be deducted as an expense from gross profits. At the commencement of the accounting period following the period in which the premium was paid, the amount could be treated as rest and be added to capital for the purpose of the business profits war tax act."

Business insurance is properly regarded by the government more as an ordinary financial than a philanthropic transaction and, as Mr. G. D. Finlayson, Dominion insurance superintendent, says, "it is really a form of investment or sinking fund." While the business of life insurance generally is exempt from the provisions of the