

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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One year	Six Months	Three Months	Single Copy
\$3.00	\$1.75	\$1.00	10 Cents

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce. The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor. The Monetary Times invites information from its readers to aid in excluding from its columns fraudulent and objectionable advertisements. All information will be treated confidentially.

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GERMAN CURRENCY

It is difficult to learn how Germany is financing the war. All news regarding such matters filters through Berlin and has a highly colored appearance when it reaches London. It is suspected, and probably rightly so, that financial affairs in Germany are by no means satisfactory. The price of foreign money, as registered on the open market in Frankfort, continues its rapid rise. The following quotations, in marks, are given for the dates November 7th and 11th: Cheque, Holland, 186.25 and 187.25; cheque, Switzerland, 88 and 88.70; notes, Belgium, 186 and 187.5; notes, France, 87.7 and 88.75; notes, England, 21.8 and 22.1x. Napoleons rose from 17.85 to 17.95; sovereigns from 21.90 to 22.20x. The Austrian rate did not change, while that for Russian notes fell from 208.5 to 204.5.

Since these quotations were obtained the following statement appeared in a Zürich paper of November 12th:

"In order to enable the German public to judge the course of exchange between German and foreign currencies, the 'Frankfurter Zeitung' began a short time ago to publish lists of the approximate prices which were current among exchange dealers; but the 'Frankfurter Zeitung' now informs its readers that a wish has been expressed in authoritative quarters that, in the general interest, the publication of these prices should cease, and accordingly there will be no further lists published."

While it is impossible to deny the depreciation of German currency as a medium of foreign payment, the German government does its utmost to disguise the existence of a premium on gold at home, thinks the London Economist, which adds: "Occasionally, however, the truth leaks out. A proclamation was issued recently by the military governor of the Berlin district against the practice of buying up gold for export. Unable to obtain it at the banks, he said, certain persons, with a singular lack of patriotism, had gone round the restaurants and beer houses, offering high prices (in paper money) for any

gold that could be collected from the guests. The military governor asked that such cases should be reported at once to the police, so that summary measures might be taken."

In the middle of November the gold reserve of the German Reichsbank was 28 millions sterling higher than on July 23rd, but ten millions of that sum, according to a Deutsche Bank circular, was accounted for by the transfer of the Spandau War reserve to that of the Reichsbank. The rest was explained as due to the "reflux of coin gold temporarily withdrawn from circulation." Including the new Darlehenkassenscheine and Reichskassenscheine, over 130 million sterling of new paper currency had been issued, besides a great quantity of new metallic token currency—silver, nickel, and copper. In the ordinary course of things paper currency drives out gold (usually abroad), and no doubt a considerable quantity of the German gold, of which certainly far more than 18 millions were in the pockets of the people, will have found its way into Scandinavia, Holland, and Switzerland. But in response to patriotic appeals, a certain fraction of this money was handed into the banks in exchange for paper at the beginning of the war, when only a small premium on gold existed. As a good deal of gold has certainly been sent by the German government to Constantinople in order to persuade Turkish ministers to declare war, and also to assist the mobilization, and as gold is known to have been deposited in Holland, the London Economist intimates that some hesitation may be felt about the recent statistics of the Reichsbank. For it is certain that with a depreciated paper currency no gold will flow into Germany from abroad. Since Germany is in dire need of various raw materials, of which some, such as cotton, are not contraband of war, and can therefore be freely imported from the United States, the German government is naturally anxious about the exchange with New York, and has been trying to arrange for a private loan at about 6 per cent. in that capital, following the example of the French government, which has already raised a small loan at 5½ per cent. The par of exchange between New York and Berlin is 95⅞ cents for 4 marks, and according to the Evening Post, 93¼ is the point at which New York would normally get gold from Germany. In the last week of October, 89 was the quoted rate, and special transactions at still lower rates were said to have occurred. The quotation on November 20th was 86⅜, a depreciation of nearly nine points. These signs are significant.

The New Year—May it bring all that is good!

TAXING LIFE INSURANCE

While Canada frequently indulges in self-admiration as to improvements upon other countries' legislation, there is no sign of improvement in the matter of life insurance taxation. In the United States, where taxation has become a fad, life insurance companies are taxed at a higher rate than anywhere else. The rate of taxation is estimated to be equal to one and seven-tenths per centum of the premium income. In Canada, and especially in Ontario, the bad example of the United States is being copied. A large number, if not indeed a majority, of the insurance commissioners of the different States in the Union are on record officially or otherwise protesting against the undue and unjust burden of taxation imposed upon life companies in the United States.