

# 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.

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## THE FOUNDATION AND THE SUPERSTRUCTURE

IT is difficult to analyze the financial position at present because of the diversity of conditions found in the various branches of industry. This was not the case during the past three years, nor even six months ago, when demand exceeded producing capacity in all save a few exceptional industries. Now, however, some of the fundamental industries are faced with depression, and a general slackening of trade is reported by wholesale distributing houses. Even some retail prices have declined. The majority still continue upward, however, as the effect of increases in production costs which took place many months ago. Business has a superficial appearance of prosperity, but it has a hollow sound, for the prime factor of demand has disappeared.

This is an unhealthy condition. Bankers in Great Britain, in the United States, and in this country recognize the symptoms and are guarding their customers, and the financial structure as a whole, by moderate but firm restrictions on credit. By thus anticipating business depression they lessen the danger of a general collapse.

The first signs of a turn in the tide appeared shortly after the armistice was signed, when prices of war materials dropped off substantially, and the stock markets hesitated in the face of an uncertain outlook. After February, 1919, however, business forged ahead with unprecedented vigor. Prices reached new high levels, bank loans expanded, speculative stocks soared in value and money, even for long-term loans, commanded higher rates than during the most critical period of war financing. The armistice movement was, therefore, a temporary recession in the remarkable period of expansion which commenced in 1916 and continued until the end of 1919.

Whatever forces guide the course of the stock markets, they were again the keenest analysts of business, and the wisest prophets of the future, for in November last stocks commenced their downward plunge, and have continued downward in spite of substantial recoveries from

## PRINCIPAL CONTENTS

EDITORIAL:	PAGE
The Foundation of the Superstructure .....	9
The Ontario Legislative Session .....	9
Public Service Rates Going Up .....	10
The "Progressive Party" and Its Platform .....	10

## SPECIAL ARTICLES:

New Legislation of Farmer-Labor Coalition .....	5
"Great West Bank" Being Organized .....	6
Ottawa Government Must Choose New Leader .....	7
Wheat Acreage Decreased Twelve Per Cent. ....	14
Trade Union Membership Reaches High Record .....	18
Manitoba Mortgage Loan Association .....	20
Financial Advertisers' Convention .....	26
Uniformity in Fire Insurance Policies .....	26
Manitoba Assessment Officers' Convention .....	34

## MONTHLY DEPARTMENTS:

Insurance Licenses Issued in May .....	22
Dominion Finances at the End of May .....	24

## WEEKLY DEPARTMENTS:

News of Industrial Development in Canada .....	36
News of Municipal Finance .....	40
Government and Municipal Bond Market .....	42
Corporation Securities Market .....	46
The Stock Markets .....	46-48
Investments and the Market .....	50
Recent Fires .....	52

time to time. In February they recovered almost to their November level and a prominent university professor in the United States, who makes a special study of business indices and who pinned his faith in the messages of the tape came near to throwing up the sponge. Now, however, they are again slipping rapidly, and reports of conditions in such fundamental industries as iron and steel, transportation, and the principal lines of manufacture confirm what was indicated by the exchanges.

## THE ONTARIO LEGISLATIVE SESSION

GREAT things were expected of the new farmer-labor coalition in Ontario, both by city and country. Rural Ontario looked for a drastic program of economy, but was presented instead with estimates which were higher than ever before in the history of the province. The towns and cities anticipated legislation favoring the rural districts, but found nothing but what any previous government might have placed upon the statute books. The new Ontario legislation, as summarized elsewhere in this issue, contains nothing which can be called even a novelty in Canada. This is in spite of the fact that it is the first session of any legislature or parliament in Canada controlled by labor or a farmers' party.

An extensive policy of road building is the only feature which is of special value to the farmers. The labor party, which constitutes the weaker wing of the government, seems to have secured more new legislation, as the mothers' pensions, the minimum wage and the workmen's compensation amendments may be directly traced to it. Some of the other financial changes, such as the increases in the succession duties and the increases in the taxes on certain corporations, do not do more than reflect prevailing opinion on the subject of public revenue.

The session has therefore been a great revelation of the essentially common views which are held by the agricultural and industrial groups in Canada, and of the fact that labor's program, however radical it may seem in opposition,