

EXCESS ISSUES OF DOMINION NOTES

Reasons Explained by Premier Borden and Finance Minister White

Hon. W. T. White's resolutions providing for the ratification of excess issues of Dominion notes by the Government was passed last week and a bill based upon it was introduced. The reasons for the issue of notes were explained by Sir Robert Borden and the finance minister. In the session of 1914 Parliament authorized the Government to guarantee bonds of the Canadian Northern Railway to the amount of \$45,000,000, and bonds of the Grand Trunk Pacific Railway to the extent of \$15,000,000. The former company succeeded in floating \$15,000,000 of bonds in the London market at 91½. However, the underwriters under the English moratorium had been able to withhold payment since September. The Grand Trunk Pacific Company was unable to float any of its bonds. Both companies asked the Government for loans last fall.

Banks Were Unwilling.

The Government endeavored to have the loans made through the banks, pointing out that the bonds were guaranteed by the Dominion of Canada and the Dominion notes could be issued to the banks on the security of those bonds under the legislation passed last August. The banks, however, declined to intervene. The government thereupon passed an order-in-council whereby \$10,000,000 in Dominion notes was advanced to the Canadian Northern on the security of \$12,000,000 of guaranteed bonds and \$6,000,000 in notes was lent to the Grand Trunk Pacific Railway on the security of \$7,500,000 of guaranteed bonds. Had the money not been supplied by the government the two railway companies would have had to cease construction work and thus thrown 12,000 men out of employment.

The government also issued \$10,000,000 in Dominion notes to take up \$8,500,000 of treasury bills which fell due in London last November because at that time it could not borrow the necessary money.

As to Prices of Bonds.

Sir Robert Borden said that the bonds of the two railways could have been sold at an advance of eight or ten per cent. over the figure at which the loans were made, but that it had been felt that by a delay a better price might be obtained and more money would be available for the construction of the roads. As to the issue of \$10,000,000 for government purposes, Mr. White said that against it \$1,200,000 in gold had been accumulated as a partial reserve and that more would be gathered as rapidly as possible. The finance minister said that no further inflation of the currency would be necessary in view of the improvement of the financial situation in London, New York and Canada.

VALUE OF CANADA'S WAR ORDERS

An official memorandum issued in London regarding war orders states that at least \$95,000,000 worth of war material and equipment has been ordered by the Allies from Canada and that this expenditure does not include that incurred on behalf of the Canadian contingents which exceeds \$25,000,000. Seventy-two Canadian companies have been given orders for machining shrapnel shells and sixty-seven are engaged in making the various parts required. The orders placed in the United States amount to more than \$1,000,000,000.

Colonel Barton, one of the resident purchasing agents in Canada of the British War Office, states that orders have recently been placed with manufacturers of this country for 25,000 bandoliers and 160,000 brushes.

Colonel Barton reports that half of the \$4,000,000 clothing order placed some weeks ago has been completed and shipped to England. He expects the balance will be ready for shipment about the middle of April, although the original contracts called for complete delivery by the end of this month. Delay in securing the necessary cloth was encountered immediately after operations were commenced.

Colonel Barton is asking for prices from Canadian firms for the manufacture of 2,000,000 oat and sand bags.

Senator Curry informs *The Monetary Times* that the order placed with the Canadian Car & Foundry Company by the Russian government, "considerably exceeds" \$30,000,000.

OPERATION OF NATIONAL TRANSCONTINENTAL

Hon. Frank Cochrane stated at Ottawa last week that it might be necessary a little later to bring in a resolution providing for government operation of the National Transcontinental, in case the Grand Trunk Pacific persisted in its refusal to take over the line.

Meanwhile authority secured from parliament enables the government temporarily to operate the National Transcontinental, pending further negotiations with the Grand Trunk Pacific.

CANADA'S SUPPLEMENTARY ESTIMATES

Supplementary estimates for the current year have been tabled in the House at Ottawa by the minister of finance, amounting to \$4,364,541. This sum includes \$2,616,999.90, chargeable to consolidated fund account, \$1,538,845 chargeable to capital and \$208,695.63 for unprovided terms.

The items include \$300,000 for the new Halifax terminals, \$832,845 for the Transcontinental Railway, \$350,000 for the Hudson Bay Railway, \$30,000 for the Welland Canal, \$101,636.50, part subsidy to the Canadian Vickers for the construction of the Montreal ship drydock, \$10,000 for the relief of destitute Indians in Ontario and Quebec, \$18,900 for more seed grain for the prairie provinces, \$29,900 for destitute Indians in the prairie provinces and Northwest Territories, \$10,000 for destitute Indians in British Columbia, \$10,000 for the relief of destitute Indians generally, \$10,000 in connection with the smallpox epidemic, \$50,000 for the relief of sufferers in the Hillcrest colliery disaster, \$13,000 for the expenses of the Acting High Commissioner in London, \$16,500 to widows and other dependents of the crew of the lost government steamer Sharon, \$365,000 for land mail service, \$300,000 for railway mail service, \$105,000 for rural mail boxes, and \$5,000 to the Canadian Import Company for the recovery of mails from the Empress of Ireland.

The main estimates for this year amounted to \$208,118,672, and a special supplementary appropriation of approximately \$10,000,000 for seed grain and other relief was tabled some days ago.

TAXES BURDEN THRIFTY POLICYHOLDERS

"The business of life insurance, with the possible exception of non-participating policies, is conducted on a vast co-operative system, and, therefore, it should not be regarded in the ordinary sense as a profit-making institution. This is because the surplus contributions made by policyholders are returned to them after it has been ascertained that the premiums paid by the policyholders are in excess of the net cost of the insurance. It follows, therefore, that the tax on life insurance premiums is not paid by any corporation as such, nor by the shareholders, but directly falls upon the policyholders who form the company," was the statement of Mr. C. C. Ferguson, B.A., A.I.A., F.A.S., actuary of the Great West Life Assurance Company in a memorandum to the Manitoba legislature, protesting against the proposed additional tax on life insurance.

"The question, therefore, arises why people who band themselves together for mutual protection should be singled out for special taxation, merely because they adopt a businesslike method of providing for the dependents of those among their number who may die. Surely the state can have no objection to the effort which these policyholders are making to provide for their dependents, that they should be discouraged from doing so by a special tax imposed by the State. On the contrary it would seem obvious that the state should do anything in its power to encourage such providence, because undoubtedly it has the effect of relieving the state from considerable expenditure in looking after the poor who would otherwise be left destitute on the death of the bread-winner of the family.

"The tax on life insurance premiums is not strictly a corporation tax, and it should never have been so called. It is really a tax on the farmer who insures his life, it is a tax on the cities of the community, it is a tax on any workman, tax on the merchant and the business man in the small towns who insures his life, as well as a tax on any other member of the community who insures his life, and, the difficulty is that the improvident person, who neglects his duty to his family and to the community by failing to insure does not participate in this tax."