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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REGULATING NEW ISSUES

New securities issues here in future can be made or sold only with the approval of the minister of finance. This ruling has been passed under the authority of the War Measures Act. It affects new issues in Canada of bonds, debentures or other securities of any provincial, colonial or foreign government, municipality, commission, local government, institution, corporation or incorporated company. It applies also to any issues or offerings of shares whether preferred or common of any incorporated company. This is an unmistakable sign that war loans have the right-of-way in Canada just as they have in the United Kingdom and the United States.

The Imperial Treasury has for a long time, during the war period, required its consent to be obtained for new securities issues. Consequently, few issues other than war loans have been made. This year, for example, war loans in the United Kingdom will total approximately £1,339,516,000 and ordinary issues only £26,436,000 Prior to the war, Canada was a heavy borrower in the London market. Since 1914, owing to the British treasury restrictions, we have borrowed there only £8,230,000 or approximately $40,000,000. More than half of this was represented by a Dominion government loan of £5,000,000. The remaining sum was made up of four issues, the war conditions governing which brought the necessary consent of the Imperial Treasury.

The bond houses were probably not unprepared for the new ruling at Ottawa. They have accepted the fact that war loans will practically monopolize the market so long as the war continues. New issues in any event would have had a difficult route to a successful sale. Their regulation by the minister of finance may make it a little easier for the admittedly necessary issues. Canadian investors must devote their surplus funds to subscribing war loans and loans necessary to finance expenditures which cannot be postponed.

HALIFAX

That it is a national duty to provide a large endowment fund for those who have suffered in the Halifax disaster is the opinion of Mr. J. B. Laidlaw, of Toronto, who has strongly advocated this policy since his visit to the distressed city. A large number of people have been blinded by the explosion. The families of the blinded have also suffered pecuniary loss, many wage-earners no longer being able to fill that rôle owing to the loss of sight. In addition, there are a number of widows and orphans. Canada has not failed to do its duty in any particular during these troublous days of war. The government, on behalf of the nation, will do what is right and generous for the people of Halifax.

ENCOURAGEMENT OF CAPITAL

The Canadian government will not antagonize the means necessary to the development of natural resources in Canada. This is very important as chiefly by the active development of our resources will we be enabled to pay the heavy interest charges on the rapidly increasing national debt. Just before the recent Dominion election, Premier Borden in a public statement said that capital in the Dominion will not be taxed at any higher rate than is imposed by the United States government as the war progresses. The tax on incomes will be increased at the next session of parliament so as to coincide with the last income tax amendment of the United States government.

The levy upon business profits, which now takes a portion of net profits above 7 per cent. until three-quarters of all above 20 per cent. is absorbed by the public treasury will be re-enacted at the first session after the Union Government meets. There was on this point some doubt in the utterances of the finance minister, many corporations retaining the impression that the tax on war-time profits might not be carried beyond 1917. The prime minister has stated definitely that it will.

The packing houses will not be allowed to retain a profit in excess of 2 per cent. upon the annual turnover. In the United States this is 2½ per cent. The packers may retain only 7 per cent. on their invested capital free from tax. Between 7 and 15 per cent. the State takes one-half, and in addition to that a 1 per cent. extra tax is pared off the company's residue of 11 per cent., reducing any packer's profits to a maximum of 10 per cent. Over and above 15 per cent. all packing house profits are absorbed by the State.

The finance minister has made reassuring statements regarding taxation, on behalf of the government. In July last, he stated that any taxation to which it might be necessary for the government to resort from time to time would be in accordance with legitimate and established forms of taxation sanctioned by the tradition and experience of British self-governing communities. In February, 1916, Sir Thomas said, during the course of his budget speech: "Canada is a country inviting immigration, and we must be careful not to create the impression that it is likely to become a country of heavy individual taxation. In this connection, I think it opportune to state on behalf of the government and as enunciating its settled policy, that in providing our war expenditure, resort will not be had to taxation upon the farms, personal effects or incomes of those engaged in our great basic industry of agriculture."