

undoubtedly be made without difficulty. It is now recognized, however, that this principle is unsound, and while its application may have been admissible in the stress of the earlier war years, it should not be any further pursued. The view that nothing is gained by paying out additional interest and receiving it back in the form of an income tax overlooks the fact that the income tax is progressive, and tax exemption is of greater value to the individual as his income increases. The outstanding bonds are gradually being transferred into the hands of those of large income, to whom an assured five per cent. is attractive, while others prefer higher yielding securities. A wide distribution of government securities also increases political stability, which is a factor worthy of serious consideration at the present time.

It has been urged that it would be unwise to have outstanding two classes of war bonds at the same time. The accumulation of those already outstanding into the hands of persons desiring to secure exemption from income tax cannot be prevented, however, and a further similar issue would only increase the possibilities in this direction.

### BUSINESS AND POLITICAL PARTIES

THE future of Canadian industry is so closely dependent upon political developments that business men are watching carefully the new alignments that are gradually being worked out in the federal arena. Present tendencies would indicate that the clear cut division into two parties will shortly cease to be a dominant factor. The farmers, especially in Ontario and the west, are holding aloof from both parties, and in many parts they intend to support candidates of their own. Labor also will endeavor to secure more control over politics, municipal, provincial and Dominion, through labor members. These two withdrawals, if complete, would account for a majority of the voters of Canada, and would undermine the present bi-party system.

While the uncertainty of this prospect necessitates care in the formation of business plans, it does not warrant any alarm. Our economic organization is well balanced, and even were all voters to divide on strictly economic lines it would scarcely seem possible that any one class could maintain control. The defection of the two classes mentioned above would still leave a large body which might be said to represent capital. Then we have in Canada a very large middle class, including hundreds of thousands of professional people, whose interests, while not identical with those of capital, would nevertheless lie in the direction of stability. All property owners, and a majority of the

Canadian people are such, oppose any platform of a destructive nature.

The experience of European countries which have a number of parties, reveals the fact that at very few times have the divisions been thoroughly economic. Religion and race have continued to be important factors, as have also purely political questions. The predominant consideration of economic questions, which is characteristic of the present period, cannot be permanent, and these other influences will return. An examination of the leading questions in the Canadian federal arena, moreover, shows that a permanent alliance of any two groups would scarcely be possible unless modifications were made in their respective demands. Labor in the cities might agree with the farmers that a reduction in the tariff would lower the cost of living, but the fact would have to be considered that many of our manufacturing industries are dependent upon it, and such a reduction would mean much unemployment and great hardship in the cities.

Canada's new finance minister should be a man trained in business and finance, not in politics. Unfortunately there are few members with these qualifications, but the duties of the office have grown too great to be in other hands.

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The new Consolidated Railway Act empowers the Railway Commission to continue increased freight rates, as now authorized under the War Measure Act. If these rates were discontinued it would be disastrous to all the roads. Adequate revenue, not an annual deficit, is necessary to restore financial strength.

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The city of Winnipeg is going to ask the Dominion government to meet the special expenses incident to the recent general strike, amounting to around \$200,000. While our debt to Winnipeg is great, yet the menace of revolution is one which all parts of Canada must face and combat. All Canadian cities especially suffer from loss of this kind, though in a less spectacular manner.

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Mr. Frank A. Vanderlip is again in the limelight because of a statement made before the United States Senate Foreign Relation Committee that there is a feeling in England and France that as the United States was late in coming into the war, it should cancel debts owing to it by these two countries. Such action would be unwarranted and inequitable; there is certainly no such feeling in Canada as regards our relations with our neighbor.

### WINNIPEG GRAIN EXCHANGE

All restrictions on the Winnipeg Grain Exchange are to be removed shortly; after two year's suspension further trading in options will be resumed. Dealers, however, are expressing hesitation in respect to transactions of this kind owing to the shortage in tonnage. This decision of the exchange council is to go into effect upon notice being given by the president.

### PARK UNION FOREIGN BANKING CORPORATION

It is announced that branches of this banking institution will be opened immediately in Paris (France), Kobe (Japan) and Hankow (China).

A meeting of the board of directors was held in Toronto on July 15th. Among those here was Mr. F. E. Kenaston, who was recently elected a director. Mr. Kenaston has been in the Far East for five months, and expressed the opinion that Canadian opportunities there are good, particularly in China.

### MINIMUM WAGE OPPOSED AT COAST

British Columbia manufacturers and other employers are opposing the immediate application of the Minimum Wage Act which was recently passed by the legislature. It is urged that as Manitoba is the only other Canadian province which has similar legislation the effect will be to handicap British Columbia manufacturers in competing with those of other Canadian provinces. When a deputation waited upon the premier on July 7th, however, he stated that the measure had been passed by the legislature and that the executive had not power to modify the provisions.

The city of Chatham, Ont., may motorize its fire department, if the present movement in that direction is successful.

An extensive trip in northern British Columbia is being made by business men of the city of Vancouver. The journey will be commenced by way of Grand Trunk Pacific boat to Prince Rupert.