

Monetary Times

Trade Review and Insurance Chronicle
of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1208 McArthur Building. Telephone Main 2663.
G. W. Goodall, Western Manager.

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PLANNING AHEAD

The advent of war is hastening the realization of the fact that national development here must be undertaken with more care, and upon a basis of better research work. In the past our development has been haphazard and our rapid growth during the seven years 1905-1912 brought a highly flavored prosperity which bred many unfortunate illusions as to nation building. Plans for the period to follow the war are being formulated by all the principal governments. In this country we have been slow to recognize the necessity for such action, but there are signs that government departments have grasped the importance of the matter, and are taking some steps to meet the problem. The government cannot ask for too much advice. They need the greatest possible counsel and assistance from our business and financial men. Early action and not protracted discussion is the necessity.

On another page is printed a suggestive analysis by Mr. G. Frank Beer, Toronto, on the relation of our tariff to national development. This article will stimulate interest in the question of tariff and the matters which it involves. The gist of Mr. Beer's argument is that sufficient intelligent study has not been given to the basis upon which the tariff is built and upon which our protective policy is founded. That is true. Too often do our governments formulate their policies first, looking for the basis or justification afterwards. As Mr. Beer says, "We have adopted a policy of protection without taking the measures necessary to develop its logical economic accompaniment—a highly organized and efficient system of production and marketing. In a debtor country such as Canada if we neglect to accept this further responsibility, protection will break down—must fail, and prove a burden alike to consumers and the working classes."

While nothing should be left undone to secure advantageous trade treaties, it should be realized more fully, he adds, "that in the last analysis the protection which is secured to home industries by improved methods of production and marketing is the only sure and permanent protection. Our duty is to obtain all the advantages

which can be secured both by diplomacy and greater efficiency in order to materialize our ambitions for Canadian enterprise and Canadian workers."

Mr. Beer urges, as others have done, the establishment of a permanent tariff or industrial board to be appointed by the federal government. Their duty would be to investigate the whole fabric of Canadian industrial production. One of the duties of such a body would be to frame a tariff which would not be political, but based upon national interests and the ascertained needs of industries. We have an efficient trade department, with a corps of capable trade commissioners studying foreign markets. At the same time, our knowledge of the home market's possibilities, requirements and production is sadly lacking. It is largely upon an intimate knowledge of the character of the home market and those things interrelated, that we may hope to solve the many vital national problems which face us.

SINKING FUNDS AND MORTGAGES

During the past few years, Canadian cities have had some unpleasant experiences in regard to the investment of sinking funds in mortgages. In their report on the finances of Edmonton, the auditors, Messrs. Kinnaird and Henderson, draw attention to the fact that on December 31st, 1914, \$34,061 of mortgage interest was passed due and unpaid. Of that sum \$12,338 or 36 per cent. was collected during 1915. The amount of interest on mortgages, falling due during 1915 was \$85,039. Of this sum only \$6,067 or 7.13 per cent. was collected. Of the interest falling due on bonds and debentures, 100 per cent. was collected.

The auditors very properly conclude that bond investments, although nominally less remunerative than mortgages, may in reality prove to be more so, if the returns from mortgage investments should be reduced by ultimate losses. Under the recent amendment to the city charter of Edmonton, no loans can now be made on the security of real estate mortgages. The Monetary Times has for many years contended that municipal sinking funds should not be invested in mortgages. In several cases, funds have been placed in local mortgages. The combination of hard times, short cash and local sentiment has not worked favorably for civic finances.

SAVING DAYLIGHT

In days of yore, Canada would probably have been the first country to accept the daylight savings scheme and Great Britain the last to do so. Young countries are supposed to be partial to experiments. Old countries are believed to stick to the rut of centuries. On May 20th Great Britain put forward the clock hands by one hour, and until September, will save time, fuel, light and other things. In Canada, we cling to the old time habit. The advent of war has done more abroad to change the old order of things than 50 years of educative campaigning could have accomplished in peace times.

Some of the cities and towns in Canada have adopted the daylight savings scheme. The Dominion government has stated that it will leave the matter to the provinces and municipalities. But unless the plan is universal in Canada, it can hardly succeed. To be made universal, the Dominion government should act, after feeling the pulse of the country. On June 22nd the days begin to shorten again.