

very much as Lloyd-George did in England, while the whole of Japan has been turned into a work shop for the production of shells and other munitions for Russia. When to these countries was added the output of Italy and whatever Belgium may be able to do, the conclusion reached is that while the supplies from the United States are very welcome, and will help in smothering the German guns, the Allies are in no way dependent upon Uncle Sam for their supplies of high explosives.

The World's Largest City

NEW YORK is not only aiming to become the world's financial centre, but has already laid claim to being the world's largest city. A recent census has enabled the people of Gotham to make the proud boast that New York, with its suburbs, has now a larger population than London. Paris comes third and Chicago fourth, Petrograd, with 2,300,000, is fifth, moving up from eighth place. Then come Tokio and Vienna, followed by Berlin. The latter city has, as a result of the war, seen its population shrink from 2,095,000 in 1912, to 1,837,000 last month. Practically the entire male population of Berlin has been called to the colors, hence the decrease in its population.

Following Berlin, the world's largest cities are Moscow, Buenos Aires, Constantinople, Osaka, Calcutta and Rio de Janeiro. Other cities in the British Empire to rank among the world's largest are Melbourne and Sydney in Australia, Montreal and Toronto in Canada, and Liverpool and Glasgow in Great Britain.

Real Money Needed

THE announcement of the Dutch tobacco dealers, that German orders must hereafter be treated on a gold-on-delivery basis, instead of credit, is one of the significant incidents of the time. In her home transactions Germany can compel her people to accept German paper money, the supply of which will be abundant so long as printing presses are available, but when they want to buy anything abroad they have to find real money. Perhaps they can appreciate the story of the confirmed gambler whose practice it was to pay his debts in I.O.U.'s when he could find anybody to accept them. On one occasion, in lamenting over the unlucky game of the previous night, he told a friend that he had lost a thousand dollars, "and the most serious part of the matter," he added, "is that five dollars of it was cash." The Kaiser's I.O.U.'s are not to be readily taken. For his tobacco, at least, he must find some real money.

The New Transportation

THE progress that is being made in the science of navigating the air is illustrated now not only by the operations of the belligerent powers, but also in more peaceful ways. The United States Post Office is asking tenders for an aeroplane mail service on the New England coast, between New Bedford and Nantucket, with stops at intervening points. Wherever there are railway lines these no doubt will continue to be the mail carriers, but between points not having direct railway connection the aeroplane is likely to be em-

ployed successfully. At the close of the war there will be a small army of aviators and thousands of aeroplanes which for the moment will be out of employment; but so much skill and capital will not long remain idle. There will be many efforts to turn them to commercial use, and journeys in the air will become quite common.

Uniform Laws

IN a recent American case, Fuller vs. Webster (Delaware), 95 Atl. 335, the need of uniform laws is very clearly shown. An automobile was conditionally sold in Massachusetts. The purchaser sold the car before paying for it. The car was taken to Pennsylvania and again sold. The last purchaser took it to his home in Delaware, where the original seller brought an action claiming the return of the car. In Pennsylvania a reservation of title in a sale of goods is void as to purchasers and creditors. In Massachusetts and Delaware it is valid. The Court held that as the rights of the last purchaser were acquired under a contract made in Pennsylvania, the transaction was governed by the laws of that State, and that he took a good title as against the original vendor. If the machine had been sold in New York and taken to Delaware the same rule would have allowed the original seller to recover it. If, though bought in Pennsylvania, it had been taken to New Jersey the original seller would have been able to get back his car. The same undesirable state of affairs exists in Canada, the conditions regulating conditional sales being somewhat different in the different Provinces.

The Banks Contribute 24 per cent of Profits

By H. M. P. ECKARDT

None know better than the bankers, the absolute necessity of providing large amounts of new revenue for Dominion purposes. The published utterances of leading bankers indicate that their directorates have been quite willing to accept fresh burdens in the way of war taxes and that they have confidence that when Parliament finally ratifies the new legislation, the provisions will be as fair and equitable to all classes as it is practicable to make them. Now, while the Federal Government and the governments of the provinces are obliged to search constantly for new sources of revenue, it is advisable that a clear view be obtained as to the extent to which the various objects have been subjected to taxation. For example it is clearly explained to what extent the banks are taxed, comparisons can be made with the measure of taxation levied on other classes or companies; and a better idea can be had as to where new taxes should and where they should not be laid.

According to the compilation published in the Toronto Globe on February 19th, the new budget, if enacted in its present form, will require the chartered banks to contribute this year about \$1,777,000 in back taxes and say \$1,250,000 representing taxes for 1916. This is in addition to the war tax on note circulation, which calls for roundly \$1,000,000 per year. So, apart from the back taxes these two imposts represent roundly \$2,200,000 per year. This figure is nearly one-seventh of the total net earnings of the banks in 1915 as declared. It should be remembered also that the stamp tax and the extra one cent postage involved the banks in considerable additional expenses. Revenue stamps are to be used in various cases where the items cannot be charged to customers. With reference to the extra postage it is said that it resulted in increasing the postage outlays of the banks by 25 per cent. Probably the whole amount expended by all banks on postage

prior to the change in the rate would be at least \$1,200,000 per year exclusive of postage used in sending money parcels. An increase of 25 per cent on this would represent \$300,000. Unfortunately the writer has no details as to the amount of expense to banks in connection with the bill stamps. Perhaps it would come to \$200,000 per year; and if so the two items account for \$500,000 per year.

Although it does not appear as a tax or levy the action of the banks in taking and carrying from \$30,000,000 to \$40,000,000 newly issued Dominion notes should be considered in this connection. This represented a loan to Government, without interest, of funds which could otherwise have been placed at call in New York at 2 per cent; and the loss of interest would amount to at least \$700,000 per year. From the Government's point of view this free loan represented a saving of interest probably at the rate of 4½ or 5 per cent, or of \$1,500,000 per year at least.

Then the profit and loss accounts of the banks have been freely drawn upon in connection with the campaigns for Canadian Patriotic, Canadian and British Red Cross, Belgian Relief and other war funds. All told last year these contributions amounted to \$500,000 and this year again there will be heavy debts for the purpose. Another form in which bank profits suffered was in paying salaries of officers enlisting for service in our First Contingent. Apparently many banks paid these officers six months' salary after they had left their work. This form of contribution, however, it has been found, could not be continued — the drain on the profits was too severe. So all bank employees subsequently enlisting resigned their positions and their salaries stopped at once; the bank engaging to take back into its service at the end of the war all of these employees fit to work who wished to return. The exceptional advantages enjoyed by the bankers joining the First Contingent

were not regarded as unfair since all members of the bank staff had the option of joining that contingent on the same terms.

Leaving out the item of the extra salaries and summing up the others we get a total of \$3,900,000 per year thus:—circulation tax, \$1,000,000; tax on excess profits, \$1,200,000; free loan of \$35,000,000 to Government through carrying Dominion notes in excess of requirements, \$70,000; increase of postage rate and bill stamps, \$500,000; contributions to war funds, \$500,000. This \$3,900,000 contributed directly and indirectly for war purposes, represents over 24 per cent of the total net profits of the banks in 1915 as declared. To get the actual or real net profits the item \$3,000,000 written off for depreciation and losses from bad debts subsequent to the declaration should be deducted from the \$16,000,000 of profits. This leaves \$13,000,000 of real profits, of which \$11,900,000 were required for dividends. The total contributed represents 30 per cent of the real profits in 1915. The loss of interest on Dominion notes, extra postage and bill stamps, of course, were provided for before arriving at these net profits; but the other items would represent a charge against the balance of profits. Suppose profits in 1916 are \$16,000,000, with \$1,000,000 for depreciation and bad debts, or \$15,000,000 net. Dividends at present rates would require \$11,900,000; contributions, etc., say, \$400,000; war tax for 1916, \$2,200,000; back taxes, \$1,800,000. This would leave a shortage of \$1,300,000.

It should be remembered that these figures cover merely the Dominion taxes. Before profits are declared the banks have to make up something like \$600,000 taxes to the provincial governments and a very large amount in the form of property and business taxes levied by the municipalities. The figures seem to show that there is not room for further taxing here, that the taxes now in force will probably cause reduction of bank dividends and deter people from putting money into bank stocks. It is also worth noting that as the banks' rests are practically equal to capital, the calculation of the 7 per cent exemption on the paid-up capital exclusively, means that the banks in reality only receive an exemption of 3½ per cent on their capital invested in the business as against the 7 per cent received by companies with very small surpluses.