Notes and Comments.

Increase of Railway Taxes. There has been much comment in financial circles on the rapid increase in the amount of taxes paid by the big corporations. The executive head of the Union Pacific Railway system, in presenting his annual report, referred particularly to the increasing burden of taxation laid on the companies. President Lovett explained that in a single year the Union Pacific taxes increased $906,000 and Southern Pacific taxes increased $770,000. In the five years 1907 to 1912, on both systems taxes have doubled. Union Pacific was mulcted of $4,368,788 in 1912 as against $2,069,734 in 1907; and Southern Pacific was levied upon for $5,621,239 in 1912 as against $2,896,501 in 1907.

Reference was also made to other legislative enactments which serve to increase the expenses and enhance the difficulty of operation. The boiler inspection law, the hours of service law, the full train crews laws, and the so-called safety appliance laws are mentioned as having substantially increased operating expenses. If the course of events in United States railroading followed the natural course, these abnormal impositions of taxes and of troublesome performances would find practically instantaneous reflection in the schedules of freight rates published by the railways. When by means of harassing laws the legislatures interfere to make the operations of corporations more expensive, the first resource of the harassed concerns is to raise prices to their customers. The executive officers naturally wish to give the proprietors a reasonable return on the capital invested by them; and often the only way to continue doing that when taxes, etc., are increased is through passing the added costs on to the parties who buy the companies' products.

But in the case of the railways this means of relief is not available. Over them stands the Interstate Commerce Commission, with authority to regulate freight rates. Before the railways can raise freight rates they must secure the consent of the Commerce Commission. That body has hitherto stubbornly refused to allow any increases, and has even ordered rates reduced in some instances. Union and Southern Pacific are two rich corporations. They have a sufficient margin of earning power to maintain their dividends. But upon their stockholders injury has been inflicted through denying them increased returns. In the long run such a policy as is now in force in the States in connection with the railroad business must have considerable effect in lessening the value of the services performed by the transportation companies. These will seek at every turn to minimise and reduce their expenses and that must react injuriously on the public welfare.

More Valuable Rights on Bank Stocks. It is quite possible that in making new capital increases the Canadian banks will more generally adopt the policy of giving the stockholders valuable rights. In the case of the issue of $1,000,000 at 240 just announced by the Bank of Nova Scotia, the rights are more valuable than was the case in stock emissions recently made by that institution. Thus in 1910 the issue price was 268; in 1906, 268; in December, 1905, 265; and in January, 1905, 260. The issue price now made is, therefore, lower than any price made by the bank for new stock in the past seven years, notwithstanding the fact that the intrinsic value of the stock is higher than ever before. The fixing of a lower price of issue has a tendency to enlarge the capital at the expense of the reserve fund or rest. Because of the lower price of issue a greater increase of paid-up capital is required to produce a given amount of new funds. So the giving of valuable rights has a tendency to increase the note issue power to a greater extent.

Of course, the banks which have not yet succeeded in accumulating a rest equal to 100 per cent. of capital are not so likely to issue stock at low prices. Until they have rests equal to capital, the executives of most of the banks will naturally be disposed to issue new stock at prices as high as the market will pay. Twelve banks now have rests equal to or superior to capital. And three more will, with reasonably good fortune, reach that position in a few years.

United States Crops. At the close of last week the Washington Government's report on corn, wheat, oats, etc., was issued. In the case of corn a crop of over 2,800,000,000 bushels is indicated. The condition is 80 per cent. of normal as compared with 81.5 per cent. a month ago; the indicated average yield per acre 26 bushels as against 23.9 bushels in 1911. In the case of winter wheat the estimate is for a yield of 15.1 bushels to the acre which compares with 14.8 bushels last year. As the area seeded to winter wheat is approximately 25,744,000 acres, a total yield of 390,000,000 bushels is expected.

It is in the case of the spring wheat that the sharpest contrast is seen with last year's conditions. The condition of spring wheat is placed at 90.4 per cent. of normal as compared with 89.3 p.c. last month and 59.8 p.c. in the corresponding month of last year. And the indicated yield is 15.1 bushels to the acre as against 9.4 bushels in 1911. The planted area is 19,201,000 acres. So the yield is expected to present 290,000,000 bushels. In all, according to present estimates by the Government authorities, the wheat yield will be 680,000,000 bushels. In corn and wheat the promise is for a much better showing than in 1911.

Municipalities and Fire Prevention. The announcement that the subject of the fire waste and fire prevention will be the principal topic for discussion at the annual convention of the Union of Nova Scotia Municipalities at Antigonish, N.S., on August 21 and 22, is a sign of the times that gives cause for some satisfaction. It is obvious that in any concerted effort for the reduction of the fire waste from its present preposterous levels, the municipalities of the country must play a very important part. Through their building by-laws, and through their administration of those by-laws, as well as by their control of fire brigades, they have a large measure of responsibility. The extent of that responsibility is not perhaps in every case altogether recognized, and a little instruction in facts and figures cannot fail to be of benefit. Mr. Franklin H. Wentworth, of Boston, secretary of the National Fire Protection Association, who is to be the principal speaker at Antigonish, can be relied upon to give the instruction in its most effective form. Other unions of municipalities in Canada might well copy this Nova Scotian example.