

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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## THE WAR LOAN

Since November, 1915, Canadians have been asked by their government to advance war loans aggregating \$300,000,000. These issues were subscribed to the extent of \$555,000,000, an oversubscription of \$255,000,000. The first loan of \$50,000,000 (which was later doubled on account of its oversubscription), leaves a net amount of \$205,000,000 oversubscribed on the three loans. These figures include the banks' contingent subscriptions.

The receipt of applications amounting to \$250,000,000 for the third Canadian war loan of \$150,000,000 is a further indication of the place Canada has acquired in the realms of international finance. One of the most important effects of the remarkable success of our war financing—capably carried on by Sir Thomas White, the finance minister—is the strength which these achievements give to Canadian credit in the world's money markets. Considered in conjunction with the need for capital during the next 20 years for the development of natural resources, the value of this enhanced credit cannot be overestimated.

To the first war loan there were 24,862 subscribers; to the second, 34,526; and to the latest loan, more than 40,000. "If the people of Canada will continue to save money," said Sir Thomas White in a statement this week, "we shall finish the war with the greatest part of our debt held by Canadians." A few years ago a relatively small proportion of the national debt was held in Canada. At the end of February, \$316,000,000 of the debt was held here compared with \$362,000,000 in London and \$75,000,000 in New York. With the recent loan the amount held in this country will exceed one-half of the total debt. If our share of the war cost, after victory is obtained, has been mainly borne by Canada itself or does not too largely represent money borrowed elsewhere, the burden can be borne. The debt will largely consist of the transference of money from Canadians as taxpayers to Canadians as bondholders. Sir Edmund Walker has pointed out that however hard that may be on the taxpayer, the country cannot be ruined by the mere readjustment of a debt which it owes to its citizens. Taxa-

tion, so long as it is not really oppressive, may be met by increased energy and increased economy and in a wasteful country, such as Canada has always been, there is a large margin on which to draw.

The banks agreed to subscribe \$60,000,000 to the recent loan, if necessary. The oversubscription of the issue relieves them to that extent. They will be able, therefore, to establish here a further credit, probably \$50,000,000, for the British government for the purchase of munitions and general supplies produced in Canada. The Canadian government and the banks to date have advanced \$270,000,000 in this way. War orders placed here to the end of 1916 have an estimated value of \$1,092,000,000. If, to a substantial extent, we can finance them, orders will be placed in Canada by the British and Allied governments this year to a value of approximately \$500,000,000.

## PROFIT SHARING

A significant fact ascertained during a recent study of profit sharing in the United States is that in many cases the plan did not satisfy employees. As long as the profits warranted a substantial return to labor, the schemes were fairly satisfactory but in off years, when they did not yield as much, they caused so much dissatisfaction that the plans were abandoned. This was the experience, for example, of a paper company which deducted 6 per cent. on the capital employed, considering the balance profits on the business operation, part of which were set aside as a labor dividend. In other cases men went out on strike as a result of profit-sharing schemes, and in others increases in pay were preferred. In some instances, the plan did not increase interest or efficiency of employees; it benefited undeserving employees; or it did not tend to increase the stability of the force.

A recent study of this matter has been made by Mr. Boris Emmet for the United States Bureau of Labor Statistics. Of the employers he interviewed, only three stated that the main object of their respective plans was to furnish "an equitable distribution of the profits of the undertaking, as a matter of justice, irrespective altogether of hopes for increased efficiency." Most employers who established profit-sharing plans did so either (1) to stimulate the elimination of waste and to foster economy; (2) to increase efficiency; (3) to stabilize the working force, and (4) to improve relations between the management and its employees. The present investigation gave an almost unanimous opinion that the plan had a very decided tendency to improve relations between employer and employee. Profit sharing also tended to reduce the percentage turnover of the working organization. There is considerable disagreement among employers as to the results achieved with reference to increasing the individual or collective efficiency of the participating employees. This perhaps is not a surprising fact, as increased efficiency does not necessarily result from a participation in profits. The results of the inquiry generally seem to indicate that profit-sharing schemes must be formulated for particular industries with a view to obtaining an improvement in the labor force in a particular direction. This contention is admirably summarized by the vice-president of the Executives' Club of Detroit, who says:—

"Considered merely as a stimulus to increased production and greater net gain, profit sharing is of particular