

THE INVESTMENT FIELD

Specially Written for the Illustrated Canadian Forestry Magazine

In line with our policy of broadening the scope of The Illustrated Canadian Forestry Magazine, we publish each month a Financial Section in which various phases of the Investment field are reviewed. This Section is written by a thoroughly competent and entirely reliable financial authority who will each month prepare an article of special interest to our readers. Needless to say, the department will be conducted along purely informative and educative lines, without any attempt to influence our readers unduly in their financial undertakings.—EDITOR.

HOWEVER opinions in respect to the new Budget may run, there do not appear to be many elements in it that will militate directly against the interests of investors. In industrial circles, as was natural, there was some trepidation beforehand, lest heavy cuts should be made in the Protective tariff. Unless one excepts certain lines of agricultural machinery, the Budget contains no evidence of this. Nor has there been, in any sense, a drastic change indicated on the part of the new Government in the fiscal policy that has held sway for nearly fifty-five years. While the reductions in the tariff are not negligible from the industrial point of view, the companies concerned seem likely to be able to adapt themselves to the new basis without any injury to the territories concerned. There does exist some uncertainty, on the other hand, as to the extent to which the Canadian tariff may ultimately be influenced by a change in the attitude from the present high to a lower tariff on the part of the Republicans in power in the United States, and this uncertainty not only as to policy but as to the time in which any changes that may be forthcoming may go into effect, may to some extent work as a disturbing factor in business, and among the holders of securities.

Cheque Tax Criticized

While little objection is raised from the industrial standpoint, the same cannot be said from the more purely financial. Here the chief criticism centres in the graduated tax on cheques, 2 cents for every \$50. It is urged against this special tax over the present uniform two cents on any size of cheque, that it will tend to cause payments of large amounts to be made in currency and thus reduce the amount available for ordinary business, or cause re-indorsements, in either case defeating its purpose as a producer of additional revenue. It is even claimed in some quarters that bank accounts are likely to be reduced; that the present system of dealing in Victory loan bonds on a small scale of commission will perforce be prevented, and that in general the thoroughly convenient cheque habit will be diminished. Fortunately for a full discussion of this and a few other details the new regulations will not go into effect until the first of July, although Customs changes become law automatically once they are announced in the House unless otherwise stipulated.

On the whole, then, investors who to a great extent represent stabilized conditions as they exist in any community, should feel relieved that the new Budget did little more than skim the surface. This does not imply that existing conditions are necessarily ideal, but that revolutionary changes in the tariff would not have been welcomed at this stage in the struggle to regain an equilibrium after the general shake-up caused by our parachute drop of the past eighteen months or so.

Has Not Yet Spent Its Course

The strong upward tendency in the bond market that was noted last month has steadied down the past few

weeks, and most markets, bonds and general securities have tended to move within narrower limits. This is natural, for reactions to a short period of a forward movement are inevitable until stronger foundations are provided in the business and financial world as a basis for a sustained rise in securities. At the same time it is reasonable to believe that the rising tendency in these markets for securities has not yet spent its course, but will continue for some time. Not in a wild speculative sense, but with a steady momentum. One of the best indications of this is that industrial reports covering the past year with their tales of heavy inventory losses, decreased net profits, and frequently reserves called on to meet the usual charges against earnings, have been accepted as of water that has passed over the dam. Faith that can afford to disregard the immediate past, and rests so firmly on the tradition that "the worst" is over, is rarely blindly exercised in financial circles.

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