

tingent upon the corporation not disbursing its profits, (1) to labor in higher wages, (2) to the consumer through price regulation, and (3) to money lenders in higher interest on bonds necessitated by an expansion of business.) From the preceding tables, the rate per cent. on capital investment at current prices from year to year has been calculated and averages struck for the several classes of securities. The result is shown in the table at the foot of the preceding page.

It has been shown in the report that common stocks in Canada have risen on an average 43.2 per cent. since 1900, whereas bonds have declined by 4.5 per cent. This means, from a cost of living standpoint, that the stockholder has retained the purchasing power of his investment unimpaired, while the purchasing power of the bondholder's investment has fallen off not only through the decline in selling price of 4.5 per cent., but through the rise in the cost of living by at least 40 or 50 per cent.

This, however, is not a complete view of the case, which must consider income as well as capital investment. While the bondholder's income has remained stationary, the stockholder's has gone up very materially. In fact, an average dividend of 5.3 per cent. in 1900 had risen to one of 8.2 per cent. in 1913. This is reflected in the table wherein the per cent. rate of dividends, even at the high prices of 1913, is higher than it was at 1900 prices. It must be remembered, also, that the "rights" accruing to stockholders in connection with the issuance of new stock represent very material benefits. These have not been calculated in the present instance, but it would seem a conservative statement, judging from United States experience, that they have amounted to one-third the value of the dividends.

On this larger basis a comparison between an investment of \$100 in Canadian stocks in 1900 and a similar investment in bonds is significant. The capital value of the stock investment has risen to \$143.20. The dividends during the 13 years have amounted to \$86.70, and the "rights" to, say, \$25, a total of \$254.90. The capital value of the bond investment, on the other hand, has shrunk to \$95.50, and the bond has yielded only \$70 in interest, a total of \$165.50. In other words, the stockholder has made a net profit of \$150, where the bondholder has made a gain of only \$65. Putting it in a general way: the stockholder and those whom he typifies have been able not only to keep pace in their incomes with the rise in the cost of living but considerably to exceed that rise (wherein is found the key to the "extravagance of the age"), at the same time maintaining their capital intact in purchasing power; on the other hand, the classes represented by the bondholder, after adjusting as they must their current expenditures to the rise in prices, find that they have so eaten into their capital that probably only half of its purchasing power remains. If in addition the extravagance of the stockholder has been contagious, to just that degree is that remainder to the bondholder less than half.

UNLICENSED FIRE COMPANIES IN ONTARIO

The new tax which the Ontario government will impose on all payments of fire insurance losses in the province by non-Ontario companies not licensed in the province, is expected to bring the government from \$5,000 to \$10,000.

The Canadian Car and Foundry has received a second large car order from the French government following one for 2,000 freight cars in December. This, with equipment orders on hand, insures activity at the car shops for some months.

TAX AND NON-CANADIAN FIRE COMPANIES

Delegation Visits Insurance Department—Profits and Conflagrations—United States Companies' Position

Representatives of the fire insurance companies operating in Canada recently waited on insurance superintendent G. D. Finlayson in reference to the new taxation on business profits. Their visit was particularly in regard to the following sections of the bill:—

Section 2 of clause 5: "That profits of a non-Canadian company shall be such proportion of the net profits as shall bear the same proportion to the total amount of its net profits as the capital of the company, as defined herein, bears to the total amount paid up upon its capital stock."

Clause 7: "That the capital employed in the business of a non-Canadian company shall be such portion of the amount paid up on its capital stock as shall have the same proportion to the amount paid up on the entire capital stock as the value of its total assets."

The Monetary Times learns that several points of a technical character were raised at the conference. The necessity for provision out of profits against conflagrations was also discussed.

Taking the official returns for 1915, the following table shows how the United States fire insurance companies doing business in Canada will be affected by the new war tax:—

	Canadian business.
Liabilities, December 31st, 1914.....	\$5,801,829
Income, 1915	9,181,426
Agents' balances, December 31st, 1915.....	1,314,300
Interest due and accrued, December 31st, 1915....	108,373
Total	\$16,405,928
Liabilities, December 31st, 1915.....	\$5,613,060
Expenditure, 1915	6,579,174
Agents' balances, December 31st, 1914	1,342,900
Interest due and accrued, December 31st, 1914	95,008
Total	13,630,142
Total profit for 1915	\$2,775,786
Total assets in Canada.....	\$ 10,199,227
Total assets (approximate)	350,000,000
Percentage, Canadian, of total.....	3%
Excess of assets over liabilities (estimated)	150,000,000
3% of such excess—Canadian capital	4,500,000
7% on Canadian capital	315,000
Net Canadian profits for taxation.....	\$2,460,786
25% thereof	\$ 615,197
Net premium income	\$7,879,885
1% thereof paid under special war revenue act, 1915	78,799
Net tax payable under 1916 act	\$ 536,398

MORE ABOUT \$75,000,000 LOAN

The syndicate which will handle the \$75,000,000 Dominion loan, will be a country-wide one, banks and bankers in practically every large city of the United States participating.

The bonds will be dated April 1, 1916, and will mature, \$25,000,000 on April 1, 1921; \$25,000,000 on April 1, 1926; and \$25,000,000 on April 1, 1931.

If the terms of the loan, as printed on page 24, prove correct, the transaction is favorable to Canada. The new loan will compete in the United States with the Anglo-French bond issue. This is selling at a heavy discount from the issue price and at a price which offers a yield of better than 6 per cent. Against that yield it would appear that the portion of the Canadian issue which corresponds with the Anglo-French bonds—namely, the 5-year maturity, is to be placed on a basis of approximately 5 per cent., or 1 per cent. more favorable to the borrowing government of Canada than the price commanded in the open market by the joint security of the governments of Great Britain and France. The exact terms of the loan, however, will be announced shortly.