

With the possibility of a tax on his foreign securities, the Canadian investor's appetite for them has naturally become less keen.

The general interpretation of the Ottawa announcement as to possible taxation is that it is more of a warning to investors than a decision to enact the suggested legislation. At the same time, it cannot be said definitely that the government will not introduce the new tax. The announcement is also thought to refer more particularly to foreign government loans placed in the United States to adjust exchange and to pay for munitions and supplies manufactured in the United States.

#### To Create Machinery.

These views are somewhat strengthened when it is recalled that in his budget speech of February, 1915, Sir Thomas White, finance minister, stated that the question of income tax upon individuals had had the consideration of the government, and it appeared to them that such a tax was not expedient, "at all events for the present." In order to bring into force an income tax the government would be obliged to create machinery for assessment, revision, and collection. This would involve a heavy expense as compared with the amount which would be realized. Taking the income tax of the United States as a basis, Canada could hardly expect to derive more than \$2,000,000 from a similar tax, and from that would have to be deducted the expenses of its administration.

Other objections mentioned by the finance minister at that time were the facts that the several provinces of Canada were also likely to be obliged to resort to measures for raising additional revenue; that a long period must elapse before a new income tax becomes productive; that while in Britain the tax is the chief source of revenue to the government and taxable incomes are derived largely from investments, the position in Canada is different;

and, finally, that in certain Canadian provinces income is subject to taxation by municipalities and in two instances by the provinces themselves. In addition to those difficulties, if an attempt were made to tax the coupons, the securities could be placed with a bank of the United States and the interest paid into the depositor's account there and drawn as required.

On the other hand, supposing that a tax even as large as 5 per cent. were placed upon the income derivable from foreign government bonds held in Canada. Taking the Anglo-French bond, yielding approximately 6 per cent. as an example, such a tax would reduce the yield only to 5.70 per cent.

#### Volume of Purchases.

It is difficult to trace the volume of purchases by Canadians of these foreign securities. Undoubtedly the Anglo-French bonds have been the most popular of this class in the Dominion, appealing both on the grounds of patriotism and attractive investment. Banks, insurance companies, manufacturers, and small investors have made purchases. The high price of 96 for the Anglo-French bonds a few months ago was made in New York on the sale of a \$1,000 bond for Canadian account. Large blocks have been purchased by Canadian investors direct from New York brokers and Canadian bond houses have handled a considerable amount.

Estimates vary considerably as to the total purchased in Canada, but taking the average of the estimates of a large number of well-posted financial men of the Dominion, probably at least \$20,000,000 of Anglo-French bonds have been placed in Canada. Of the recent Russian government loan, it is estimated that about \$1,500,000 have been sold there and at least \$1,000,000 of the recent French loan. These three issues, therefore, account for at least \$22,500,000.

#### MOBILIZING CANADIAN SECURITIES

Scheme "B," the new plan of the British treasury for the hypothecation of Canadian and United States securities as collateral for British loans in New York, as noted in a recent issue of *The Monetary Times*, provides for the deposit of such securities for a period of five years from March 31st next, subject to the right of the treasury to return them at any time after March 31st, 1919, on three months' notice. The lender is to receive all interest and dividend payments and an extra payment at the rate of  $\frac{3}{4}$  of 1 per cent. per annum, calculated on the face value of the securities. The treasury, however, has the right at any time during the currency of the loan to dispose of the securities, and in this case the interest or dividend payments are maintained, and at the end of the loan the lender will receive securities of the same description and to the same nominal amount as will pay him the deposit value of the securities with an addition of 5 per cent. on that value, plus accrued interest. Among the Canadian securities added to the list are Canadian Northern Railway Company 4 per cent. debentures, 1934; Canadian Northern Railway 4 per cent. first mortgage consolidated debentures (Manitoba), 1930; Canadian Northern Ontario 3 $\frac{1}{2}$  per cent. stock; Canadian Northern Pacific 4 per cent. first mortgage debenture stock (British Columbia); Canadian Pacific perpetual 4 per cent. consolidated debenture stock, and Canadian Pacific 4 per cent. preference stock.

Messrs. Breed, Elliott and Harrison have issued a prospectus regarding the \$5,000,000 7 per cent. cumulative preferred stock of the Fisher Body Corporation, which succeeds to the business of the Fisher Body Company, Fisher Closed Body Company, both of Detroit, Mich., and the Fisher Body Company of Canada, Limited, Walkerville, Ont.

#### SHORTAGE OF LABOR ON THE COAST

(Staff Correspondence.)

Vancouver, September 4th.

Manufacturing industries are beginning to feel the lack of labor. The need of men is felt by all, but the Empire's war is the first consideration. The manager of a lumber mill in Vancouver told *The Monetary Times* that unless more men were available they would have to consider the question of closing down of at least part of their operations. The output of logs is being curtailed, and notwithstanding the unprecedented output in June of 120,023,869, and it is expected that July's figures will approximate this, prices of logs have stiffened. Demand is better, too. Shingle manufacturers are affected to a greater degree, and one or two of the large producers have already shut down. Shingle bolts are higher in price than they ever were, and scarce. It is possible that after the salmon fishing season is over a number of Japs will be in the woods getting out bolts.

Shipbuilding plants are affected. At Ocean Falls, where a pulp and paper industry is being started, many men could be taken on, and some have been secured in Seattle. The Empire Pulp and Paper Company has taken over the idle pulp plant at Swanson Bay with the idea of resuming operations, and men will be needed there also.

An interesting booklet containing information regarding the economic and financial position of Russia and the Imperial Russian government is being distributed by the National City Bank of New York. Every effort has been made to include only authoritative information. It will be found of permanent value as a handbook of reference in the business library.