

# The Journal of Commerce

VOL. XLVI. No. 8

MONTREAL, TUESDAY, AUGUST 20, 1918

Price, 10 CENTS

## The Journal of Commerce

Devoted to  
CANADIAN INDUSTRY, COMMERCE AND  
FINANCE.

Published every Tuesday Morning by  
The Journal of Commerce Publishing Company,  
Limited.

Head Office: 35-45 St. Alexander Street, Montreal.  
Telephone: Main 2662.

Toronto Office: 263 Adelaide St. West, Toronto.  
Telephone: Adelaide 917.

HON. W. S. FIELDING,  
President and Editor-in-Chief.

Subscription price, \$3.00 a year.  
Advertising rates on application.

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By W. W. SWANSON.

Conditions in the West.  
By E. CORA HIND.

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## The Submarines on our Coast

THE sinking of a number of vessels by German submarines very close to the shores of Nova Scotia and New Brunswick has, not unnaturally, created much anxiety and some alarm respecting the protection of our coast and shipping. The captain of one of the vessels destroyed reported that from the time he left a port in Massachusetts until his ship was torpedoed near a Nova Scotian port he saw no war vessel of any kind. It seemed that the extensive shipping movements of the region were at that particular time absolutely without any protection. That is not a pleasing fact, but as it is one that became well known to the German raiders, there is nothing to be gained by ignoring it. The absence of protection has been much commented on, not always in measured terms. It was well known that Canada had quite a fleet of small vessels engaged in patrol service. Where were these vessels? was a common enquiry. At Halifax and at Sydney, and perhaps at some other ports, there were a number of such craft. But it would be a grave mistake to suppose that such vessels, useful as they may be for some purposes, are of any value as a protection against the submarine's attacks. The German submarine of to-day is a vessel of considerable size, carrying guns of substantial calibre. Naval vessels of the destroyer class, or fast cruisers with heavy guns, are necessary to cope with the submarine pest. It was the policy of a Canadian Government a few years ago to build a few of such vessels as the beginning of a Canadian navy, to be utilized in co-operation with Imperial warships. Many things have occurred since the commencement of the war to make Canadians regret that that policy was not carried out. Ships of the class contemplated have rendered much good service in various seas, playing an important part in the brilliant achievements of the British navy. Ships of the Australian navy, under a system of organization precisely the same as was proposed in Canada, have on numerous occasions performed service of the highest value. In the absence of the protection which such Canadian vessels would give, we must not be surprised if the German submarines do some harm on our coasts. Nevertheless, it is not well to magnify the damage that is being done, or the alarm that such attacks create. So far as the shore settlements are concerned there is not much ground for alarm. There is little probability that the German raiders will come within the range of the fortifications or of military operations on land. It is reasonable to believe that whatever is possible is being done by the authorities, British, Canadian and American, with the means at their command, to

provide naval protection for shipping on the Atlantic coast; and that the conditions which favored the submarine operations at the time referred to no longer exist.

## Tax-Free Loans

THE Minister of Finance, in reply to criticisms of his proposed continuance of the policy of issuing loans free from taxation, has issued a lengthy statement in defence of his position. His most effective point probably is that with which he concludes his statement:

"As for the new Victory Loan I feel that no risk should be run by making its terms less favorable than those of our last issue. The difference between a moderate success and the notable success such as I feel Canada will accomplish would be a most serious difference to our agricultural, trade and industrial prosperity, upon which depends the financial support of our war effort. I do not believe this is a good time to make any change in our war loan policy."

The suggestion that exemption from taxation is necessary to make the terms of the new loan as favorable to the investor as those of the last issue is hardly warranted. Either an increase of the interest rate or a reduction of the issue price would accomplish that purpose. But the exemption privilege looks very attractive to the buyer of the bonds and for that reason, no doubt, the Minister and his advisers think it safer to follow the previous practice than to offer the equivalent of exemption in another form.

So far as immediate cost to the country is concerned either policy would produce substantially the same result. It is as to the future situation that questions may arise. There is a moral certainty that a few years hence the exemption from taxation of a large part of the wealth of the country will create discontent among the people whose incomes will not have such exemption. It is not beyond possibility that, in a period which, unhappily, is marked by less respect than was formerly shown for vested rights, a movement may arise having for its object the taxation of that wealth, notwithstanding the terms of the contract made at the time of the issue of the bonds. As an economic proposition it would, we believe, be better to pay more for the money now and leave the question of taxation open for such action as from time to time may be deemed best. But the case is one in which appearances count for something. The coming loan will have to be for a very large sum. In view of the many calls that have already been made and are still being made on the financial resources of the people, the prospects of the loan may well cause some anxiety to the