

last year. The figures of current loans and discounts in Canada during the months of 1910 are as follows:—

May..	\$643,246,518
April..	638,247,238
March..	621,550,051
February..	602,454,539
January..	590,984,344

An interesting feature of the May statement is the increase in the item, due from banks, etc., in the United Kingdom. This is \$16,123,926 as against \$0,191,051 last month, an increase of no less than \$6,932,875. In these figures there is tangible evidence enough of the extent of the movement of British capital to the Dominion. While recent public issues of Canadian securities in London have not been an unmixed success, due in the case of one set of securities to the fact that mistaken tactics were employed to dispose of them and in the case of another to the other fact that at this time of day the average British investor has no use for first-class securities offered at a high figure, and yielding him under 4 p.c., it has to be borne in mind that public issues of bonds and stocks in the London markets are not the only means by which British capital is migrating here. By the drafts and letters of credit of immigrants and tourists—some of the latter on pleasure bent, others intent to spy out the land from a business standpoint; by the continued increases of capital of mortgage, land and colonization companies and by private investments the flow of British capital to Canada is being steadily augmented. In this connection the figures of the bank return afford a better index to the facts, than the figures regarding Canadian public issues in London

FACILITATING IMPORTS OF CAPITAL.

Some weeks ago THE CHRONICLE referred to the commendable action of the Quebec Provincial Government in removing the extra tax of five per cent. hitherto levied upon foreigners receiving legacies or estates in this province. We have great pleasure also in referring to the further step taken by Sir Lomer Gouin, the Hon. Mr. Mackenzie, and their associates in the Cabinet, in the direction of removing vexatious restrictions or hindrances to the flow of outside capital to the province. The financial interests have always considered that the tax on transfers of shares, bonds, debentures, etc., is an unwise law for a new country like Canada. In a wealthy country which supplies capital to other nations the exaction of such a tax does not do so much damage, because a very large share is paid by the borrowing countries. Taking London for example it is to be noticed that when a Canadian corporation issues bonds or other securities in that market, it must pay all expenses connected with the issue. If the borrowing corporation does not foot the bill for the actual cost of stamp duties and other taxes levied in London, it nevertheless bears the cost, because the financial agents or underwriters in London will bid so much lower for the bonds on account of the expenses connected with the issue. So taxes of this kind do less harm when they are imposed in countries like the United Kingdom or France. In a great many cases borrowers from other parts of the

world are obliged to go to London or Paris for the funds they require—because there is no other place to supply their wants.

But for a new country, whose industries and great enterprises are all the time crying aloud to the outside world for capital, it seems an act of folly and shortsightedness to pass laws which have the effect of deterring or discouraging foreign capitalists from buying its bonds and shares. Instead of placing difficulties in the way of parties who wish to invest here, our legislators should do all in their power to facilitate their action.

It appears that the Provincial Treasurer, following up the abolition of the special tax on foreigners, introduced a bill to exempt certain educational, benevolent and charitable institutions from the tax on issues of debentures by municipalities and corporations. Upon the introduction of this measure the opposition leader, Hon. Mr. Tellier, suggested that all corporations should be relieved from this tax, and, as the Premier accepted the suggestion, a new bill will be introduced embodying it.

The original intention of the promoters of the law was to check stock speculation through taxing transfers of shares. Afterwards it was interpreted as authorizing the Government to tax issues of securities. So now this latter interpretation will no longer be applied, and the corporations domiciled in Quebec Province will be relieved of one item of expense in connection with their operations of securing fresh capital for enlarging and extending their enterprises. It is much to be desired that the Provincial Government advance still further and abolish the tax on transfers altogether. The finances of the Province are now in a flourishing condition, largely owing to the Government's able administration, and the tax on transfers could be remitted without causing inconvenience to the Treasury.

Its abolishment would certainly tend in the direction of inducing a stronger flow of capital to Montreal and the other centres; and would also tend unmistakably towards the establishment of numerous large new industries at suitable localities throughout the provincial districts. The action of the Government in the pulpwood matter is regarded as likely to result in the establishment of large pulp and paper manufacturing industries. And every movement towards reducing or remitting taxes on capital will serve to accentuate the movement of industries to our country. If the provinces were to follow more generally a policy of encouraging foreign capital to come to the Dominion, and of refraining from taxing or harassing it and from harassing the corporations unduly, we should benefit enormously. In some provinces the ministers appear to govern their conduct largely on the theory that they can always get votes in the rural districts through attacking the big corporations. That is a policy decidedly adverse to the best interests of the country.

The Provincial Government of Quebec is setting an admirable example to the governments of the other provinces in its attitude towards capital. If it continues on that course the consequences will likely be important for the whole Dominion. For if the other provinces do not follow in the same direction, but instead pursue the course of en-