

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

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## EXCESS ISSUES OF CURRENCY

Several inquiries have reached *The Monetary Times* regarding the issue of certain currency by the Dominion government, "for which," as one correspondent puts it, "there is as yet no legislative authority." The matter seems to have been discussed freely in the United States and a statement here of the facts may prove of interest now. The increase in the Dominion note circulation since the outbreak of the war, was explained by the minister of finance, Hon. Mr. White, who stated in January that apart from the notes issued against securities, gold to the amount of 60 per cent. was held against the remaining outstanding circulation. It was not until 1902 that the percentage of gold so held rose to 60 per cent. Dominion notes aggregating about \$25,000,000 had been issued since August against the deposit chiefly of Dominion guaranteed and municipal securities.

Any necessary legislation confirmatory of the action of the governor-in-council in exceeding the legally authorized note issue was to be obtained at the present session of parliament, as was done in 1908, following an authorization in 1907 of an excess issue of ten million dollars.

The minister added that in Great Britain the imperial government had issued since the war broke out currency notes to an amount as high as \$270,000,000, while the United States between August 1 and October 31, issued \$360,000,000 of "emergency currency."

Among other collateral held by the Dominion against which advances in Dominion notes have been made, are a portion of the Grand Trunk Pacific and Canadian Northern Railway Companies securities, guaranteed as to principal and interest by the Dominion under the legislation of the last regular session of parliament. Advances made upon these securities during the past few months, when international markets have been closed to flotations, have enabled the two companies to continue construction work and link up their systems. This was the purport of a statement of the finance minister in January.

In the House at Ottawa on February 15, questions were asked regarding this matter. The replies of the finance minister showed that under orders in council, the following issues of Dominion notes have been made:—

1. To meet certain obligations of Canada as they matured .....	\$10,000,000
2. Advance to the Canadian Northern Railway Company upon the security of \$12,500,000 of that company's 4 per cent. debenture stock guaranteed by the Dominion, the advance being repayable May 1st, 1915, with interest at 5 per cent. per annum .....	\$10,000,000
3. Advance to the Grand Trunk Pacific Railway Company upon the security of \$7,500,000 of that company's 4 per cent. bonds guaranteed by the Dominion, the advance being repayable May 1st, 1915, with interest at 5 per cent. per annum .....	\$6,000,000
Total .....	\$26,000,000

It will be recalled that in August, at the special "war" session of parliament at Ottawa, legislation was enacted so that the Dominion government might issue Dominion notes to such an amount as was necessary against securities deposited by the banks and approved by the finance minister. There is no reason, therefore, for misunderstanding regarding this matter. Everything done has been properly done.

Premier Asquith's remark that England does not intend to be strangled with "judicial niceties" and Sir Edward Grey's hint that advice from neutrals is not wanted, show that there is bark in the old sea dog yet.

## QUEBEC AND NEUTRALITY

The Quebec provincial government wants to market a short-term loan of \$10,000,000. Mr. Cousineau, in the provincial legislature, expressed a fear that the government could not raise the money in the United States as it would conflict with the neutrality attitude of that country. Last fall, it will be remembered, secretary of state Bryan told *The Monetary Times* that president Wilson's disapproval of United States loans to belligerents included Canada, its federal and provincial governments. But what is troubling Mr. Cousineau is that in the Quebec government's resolutions regarding the proposed loan, the expense of its gift of 1,000,000 pounds of cheese to the Imperial government, is noted. In short, Mr. Cousineau thinks that the New York houses will smell the cheese. He need not fear. If Quebec province can show United States bankers a good balance sheet, they will get their loan, despite the neutrality joke.

British Columbia gave 25,308 cases of canned salmon to the Imperial authorities; Alberta, 500,000 bushels of oats; Manitoba, 50,000 bags of flour; Ontario, 250,000 bags of flour; Saskatchewan, \$162,500 of horses, and New Brunswick 100,000 bushels of potatoes, all being "war" gifts. These six provinces have sold \$18,675,000 of their securities to United States bond houses during the past two months. If New York bankers, with their neutral smile, were able to swallow Canadian salmon, oats, flour, horseflesh and potatoes, without a murmur, a little Quebec cheese will merely aid their financial digestion.