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Acquisition of Canadian Northern by Government

MAXIMUM Cash Investment Made in the Property is \$383,000,000—Position of the Common Stock—Minority Commissioner A. H. Smith said in his Report that with the Return to Normal Conditions and with Necessary Capital the Road Could Work its Way Out in a Reasonable Time.

As noted in *The Monetary Times* last week, the government proposes to acquire the Canadian Northern Railway system including its subsidiary companies. Briefly the proposal is as follows: Purchase of the outstanding \$60,000,000 stock of the Canadian Northern Railway, giving the government complete ownership of the Canadian Northern Railway system and all subsidiary enterprises.

Appointment of three arbitrators to determine the value of the stock acquired, subject to an appeal to the Supreme Court by either the government or the owners or pledgees of stock in the event of failure by the arbitrators to reach an unanimous determination.

Canadian Northern to retain its corporate identity with operation and administration under a board of directors named by the government.

At least five-sixths of the outstanding shares to be transferred by agreement. Government to take the right to compel the transfer of the remaining shares.

Demand loan of \$7,500,000 at 6 per cent., secured by mortgage, to be made to the Grand Trunk Pacific Railway. Government to take power to constitute a board of directors.

In view of this announcement, the majority report of the Railway Inquiry Commission (commonly known as the Drayton-Acworth report) is of especial interest. *The Monetary Times* therefore prints this report below in detail, so far as it refers to the Canadian Northern system and to that company's shareholders:—

The system now known as the Canadian Northern began with the acquisition by Messrs. Mackenzie and Mann, in the year 1896, of a charter which had been granted in 1889 by the province of Manitoba to the Lake Manitoba Railway and Canal Company. The charter was for a line, 123 miles in length, from Gladstone on the Canadian Pacific to Winnipegosis. Construction was promptly begun, and the line was opened in January, 1897. In the same year, 1897, Messrs. Mackenzie and Mann began to construct a line from Winnipeg to Port Arthur, known as the Manitoba and South-Eastern. Shortly after they constructed also the Winnipeg and Great Northern.

These three companies among them received land grants of 4,000,000 acres, and their bonds were largely guaranteed by the province of Manitoba.

In 1899, the Lake Manitoba Railway and Canal Company and the Winnipeg and Great Northern Company

were amalgamated as the Canadian Northern Railway Company.

Thereafter, by leases, by absorptions, and by new construction, the Canadian Northern system grew fast in both directions, eastward and westward. As a system it never has had, nor has it to-day, any corporate existence. It was held together by stock ownership. The whole of the common stock of the Canadian Northern Railway Company itself was held by Messrs. Mackenzie and Mann. In the case of the affiliated companies the stock was held sometimes by the parent company; sometimes by Messrs. Mackenzie and Mann in their own names.

Throughout the history of the Canadian Northern construction, the company has depended on public aid, direct or indirect. The development in the twenty years since 1896 has gone through four distinct stages, though chronologically the stages overlap to a considerable extent. In the first stage, the company relied on provincial guarantees. As it grew larger and more ambitious, it invoked and obtained aid from the Dominion. This was the second stage. In the third stage, the company, having become better known, raised large amounts by the issue of perpetual debenture stock, and later of convertible income debenture stock, on its own credit. At no period, as far as we have been able to ascertain, has any actual cash been obtained from the sale of the common stock, either of the parent company or of the constituent or subsidiary companies. With the exception of a French issue of \$4,000,000 in December, 1911, practically all the Canadian Northern money obtained by public subscription has been raised in London.

In the fourth and last stage, in 1914, with heavy interest payments to be made and large construction contracts still open; the company found its own resources insufficient. It reported that it required \$100,000,000 to complete and equip its system; that it could raise on its own account \$58,000,000; and it appealed to the government to find the balance.

The government thereupon guaranteed an issue of \$45,000,000 of 4 per cent. first mortgage debenture stock. Of this issue, \$14,600,000 was sold in London at 91½ in July, 1914; and \$2,433,333 at 91 in February, 1915. There have been handed back to the Dominion government \$12,500,000 as security for a cash loan of \$10,000,000. The remainder (except \$133,333 unissued) has been pledged as security for loans in New York. The

total proceeds in cash from those sales and pledges were \$36,759,265. This sum having proved insufficient, in May, 1916, the Canadian Northern obtained from the government a further loan of \$15,000,000 at the rate of 6 per cent. repayable on demand, to be used either for construction or to meet interest obligations. In addition, the government undertook in September, 1915, to lend to the company the money necessary to pay interest either to the government itself or to the public on the \$45,000,000 debentures. And to date, \$1,756,000 have been advanced for this purpose.

It will be observed that the first appeal to the government was some months before the war. No doubt the stringency of the money markets of the world at the time made it more difficult than it otherwise would have been for the company to sell its securities. But that was not all. There was a further cause intrinsic to the company itself. It had gone ahead too fast and had undertaken various expensive schemes, which could not possibly carry themselves from the outset. The Canadian Northern Pacific, the Canadian Northern Ontario, and the Montreal Terminal especially implied very serious commitments. And the prairie system, which was self-supporting and yielded a profit, was not sufficiently developed to carry this weight.

The war, which at the outset paralyzed the business of the country, and which has practically closed the markets of the world to the issue of permanent securities, other than government loans, for an indefinite time to come, further aggravated the situation. The company, when it applied to the government early in 1914, reckoned on selling its \$45,000,000 guaranteed debentures for \$42,000,000. In fact it has only obtained from them \$36,759,265 in cash. It reckoned that other securities which it had to sell would bring in \$58,000,000; but many of them it has not been able to sell. At present the company is living from hand to mouth, and is nominally borrowing from the government to pay interest on the government's own loans.

Canadian Northern Annual Report for 1916.

The report to shareholders for the year ending June 30, 1916, appears to show that, after paying working expenses and fixed charges, the company has a deficit of only \$248,127. But this report does not disclose the fact that more than \$5,400,000 were paid for interest and charged to capital as part of the construction cost of a system which was all but completed.

According to an estimate submitted to us by the company the fixed charges for the year ending June 30, 1917, will be \$16,539,638. Of this the Dominion and British Columbia governments have undertaken to pay \$4,514,507 under certain agreements. This leaves the company to find out of net revenue about \$2,500,000 more than it had available this year. An income of \$2,500,000 net implies an increase of at least \$9,000,000 gross. The company itself does not venture to expect a greater increase of gross than \$7,000,000.

The above agreements to pay interest are only for two and three years respectively. In the year ending June 30, 1920, the government contributions will have fallen to \$627,000 and the following year they will have ceased entirely. The company's estimate for the year ending June 30, 1921, is that they will then have fixed charges amounting to \$18,300,000. (This includes the interest amounting to \$2,250,000 on the new capital estimated by the company as necessary to be spent in the five years. This estimate we regard as quite inadequate. If so, the fixed charges will be correspondingly increased.) And

this burden they will have to bear unaided. To carry it they would need (assuming working expenses at the very moderate ratio of 70 per cent.), a gross revenue of \$61,000,000. We cannot think it safe to assume that any such result will actually be attained.

Canadian Northern Estimate in 1914.

Without desiring to cast any reflection on the Canadian Northern Company, we think that those responsible for its management have taken, and still continue to take, an unjustifiably sanguine view of its possibilities. In 1914, when the company was applying to the Dominion parliament for the guarantee of \$45,000,000 debentures to complete the undertaking, it submitted an estimate for the three years, 1916 to 1918, by Mr. Hanna, vice-president of the company, on what was described as "the very conservative basis of the percentage increase for the past five years." The company added that "inasmuch as a part of the mileage has been disconnected and confined to a local short-haul business, operation as a united trunk line system should result in a much greater per mile revenue."

We reproduce this estimate below:—

	For the year ending June 30.		
	1916.	1917.	1918.
Gross earnings	\$54,000,000	\$61,000,000	\$67,000,000
Operating expenses	38,880,009	43,300,000	46,900,000
Net earnings	\$15,120,000	\$17,700,000	\$20,100,000
Fixed charges, including interest on securities at present applied for..	12,607,115	14,019,615	14,807,115
Surplus	\$ 2,512,885	\$ 3,680,385	\$ 5,292,885
Less interest on 5 per cent. income debenture stock .	1,250,000	1,250,000	1,250,000
	\$ 1,262,885	\$ 2,430,385	\$ 4,042,885

This estimate showed a margin, after paying \$1,250,000 per annum on the 5 per cent. income debenture stock, of \$1,262,000 in 1916.

The estimate was:—

Gross earnings	\$54,000,000
Net earnings	15,120,000

The facts have been:—

Gross earnings	\$35,476,000
Net earnings	9,373,000

And there has been a bumper harvest and it is acknowledged that the war has increased rather than diminished traffic. A further fact has been that for the year ending June 30, 1916, after passing the interest of \$1,250,000 upon the \$25,000,000 income debenture stock, and after charging against capital interest to the amount of \$5,445,389 (less \$878,166 paid by the government under its guarantee) in respect of "lines under construction," the company was still \$248,000 short of the money required to meet its bonded indebtedness.

We appreciate that circumstances which could not have been foreseen in the spring of 1914 have arisen to upset the estimates then made. The money was not immediately forthcoming. The full amount estimated as necessary was not obtained, and the terms were more onerous. Prices have gone up. Labor has been scarce and dear. The expected immigrants have not come.

The company has sold its ocean steamers. The system, even to-day, is not in the condition that was in the minds of the company's officers when the estimates were made.

But making all possible allowances, we think that those responsible for the estimates of 1914, upon which parliament acted, have incurred very serious responsibility.

Canadian Northern Estimate in 1917.

In January last the company submitted to us an estimate for the five years, 1917-21. This was as follows:—

	Year ending June 30, 1917.	Year ending June 30, 1918.	Year ending June 30, 1919.	Year ending June 30, 1920.	Year ending June 30, 1921.
	\$	\$	\$	\$	\$
Gross earnings	42,590,000	48,185,000	55,410,000	62,300,000	68,460,000
Operating expenses....	31,090,000	34,790,000	39,895,000	44,200,000	47,920,000
	11,500,000	13,395,000	15,515,000	18,100,000	20,540,000

The estimate submitted to parliament by the company for the year to June 30, 1917, was:—

Gross	\$61,000,000
Net	17,700,000

The revised estimate now submitted to us by the company is:—

Gross	\$42,590,000
Net	11,500,000

The estimate submitted to parliament by the company for the year to June 30, 1918, was:—

Gross	\$67,000,000
Net	20,100,000

The revised estimate now submitted to us by the company is:—

Gross	\$48,185,000
Net	13,395,000

We think the new estimate made for us, even though more conservative than the old, is still too sanguine. We see no reason to think that the traffic will increase at any such rate as that indicated. To assume a growth each year of about 11 per cent. over the previous year, and simultaneously an operating ratio falling steadily from 73 per cent. to 70 per cent., is only once more to invite disillusionment.

Comparison with Canadian Pacific.

We think the following statement of the facts of the last eleven years of Canadian Pacific history is instructive. The table shows for each year gross and net earnings per mile, and also the percentage of operating ratio.

	*Gross earnings.	Net earnings.	Operating ratio.
1906	\$ 7,026	\$2,617	62.7
1907	7,890	2,765	64.9
1908	7,573	2,312	69.4
1909	7,726	2,324	69.9
1910	9,425	3,358	64.4
1911	10,072	3,548	64.8
1912	11,453	3,614	64.9
1913	12,263	4,068	66.8
1914	10,977	3,587	67.3
1915	7,993	2,714	66.0
1916	10,024	3,810	67.0

*Gross earnings include receipts from steamships, telegraphs and other sources not properly attributable to railway mileage.

It will be seen that the gross earnings of the Canadian Pacific Railway by no means show a steady growth.

There can be no doubt that the drop of the last three years reflects, in part at least, the effect of the new competition of the Canadian Northern and the Grand Trunk Pacific. And the Canadian Northern growth must equally be conditioned by the competition of the Canadian Pacific and the Grand Trunk. It will be seen, further, from the table that there is by no means a steady growth of net earnings. Nor can we, in face of the constant increase of the operating ratio through a long series of years all over the American continent, in view of the great rise in the cost of materials, especially coal and steel rails, and the insistent demands for increases of wages, think it safe to assume that the operating ratio of the Canadian Northern will show a consistently steady decline in each succeeding year.

Prospective Requirements of Canadian Northern.

The Canadian Northern estimate submitted to us further calculated that, in the course of the next five years, the company will need to spend \$12,500,000 of new capital for additions and betterments, and \$25,000,000 for new equipment. We consider these estimates entirely inadequate, and especially so in relation to the estimate of 90 per cent. increase in gross receipts. The company has acknowledged that its equipment is inadequate to take care of its existing business. That equipment stands in the company's books at \$59,000,000. If the business were to increase 90 per cent., it would seem to need not \$25,000,000 but over \$50,000,000 spent on new equipment to handle it. Again we refer to Canadian Pacific Railway figures. That company has seven freight cars per mile of line. The Canadian Northern has three. We think it will need five; and this implies an addition of 20,000 cars to the existing stock. This alone would imply, even if prices dropped to those current a year ago, an additional expenditure of something like \$30,000,000. And the same thing is true in respect of locomotives. Nor can the estimate of \$12,500,000 for additions and betterments, spread over a system of 10,000 miles during five years, be sustained, more especially in the case of a system that is only just emerging from the construction stage. It works out at \$250 per mile per annum. It is impossible that the needs of a rapidly growing property can be adequately provided for at any such figure.

We think that \$40,000,000 for equipment, and perhaps \$30,000,000 for additions and betterments, would be a moderate estimate of the system's needs in the next five years, assuming that the Canadian Northern remains separate and independent.

We sum up the Canadian Northern situation as follows: The company is not at present able, and will not for some years to come be able, to meet its fixed charges. It will, we doubt not, increase its net earnings as the years go by. But the increased net earnings will be fully absorbed for some years to come by the interest on new capital, which must be put in, if the system is to render efficient service. The company has not now, and as far as we can see will not have in the near future, such credit as to enable it to raise the necessary capital. As we have already shown, the public investment, direct and indirect, in the Canadian Northern system amounts to \$298,000,000. We do not recommend further public investment in the system, as at present constituted.

1. CASH INVESTMENT.—The property investment of the Canadian Northern Railway system is stated in the balance sheet of June 30, 1916, at \$494,112,489.34. This figure admittedly has been written up to include \$100,000,000 of capital stock. And this stock, as we have

already said, was issued without any cash consideration. We have endeavored to ascertain the actual cost of the system. From the company's official reports and special statements supplied to us, we have ascertained that the maximum cash investment that can have been made in the property is \$383,302,451.33.

The following tables, which have been accepted by the company as accurate, show:—

- (i) The source of money or credit.
- (ii) The disposition of money or debit items.
- (iii) A list of bonds of constituent companies assumed.

I. Source of Money or Credit.

Cash realized from securities sold and from lateral loans (pp. 205-7 record)	\$302,713,872.69
Dominion government loans of 1914 and 1916	15,878,166.67
Subsidies (not including subsidies of prior organizations) (Q. 4)	28,000,222.50
Land sales (Q. 4)	16,603,295.62
Sales of acquired bonds and stock (Q. 8)	618,606.45
From equipment trust securities (Q. 4)	\$ 37,233,871.13
Par value equipment trusts issued	\$39,836,458.20
Now outstanding	16,862,500.00
<hr/>	
Paid from proceeds of other securities, p. 94	22,973,958.20
<hr/>	
Net amount from equipment trusts	14,250,912.03
Due on construction	16,666,957.26
Audited vouchers and accounts	11,161,443.88
Wages and salaries	1,832,708.23
Matured interest coupons unpaid	2,166,597.75
Accrued interest not yet payable	2,412,673.30
Accrued taxes	250,000.00
Insurance fund account	616,847.53
Railway surplus	2,776,711.03
Bonds assumed in the acquisition of constituent companies	20,215,746.03
<hr/>	
	\$436,173,761.87

II. Disposition of Money or Debit Items.

Cash in hand and at bank	\$ 25,414,408.50
Materials and supplies	3,368,924.82
Due from companies and individuals	7,276,429.01
Due from agents	1,446,010.67
Deferred land payments	7,140,996.59
Insurance paid in advance	682,906.11
Unadjusted debit items	246,545.00
Securities (dock, lands and stock yard companies)	1,123,393.55
Sinking funds	248,750.66
Terminal properties and miscellaneous investments	5,922,945.63
<hr/>	
	\$ 52,871,310.54
<hr/>	
Total available for road and equipment	\$363,086,705.30
Bonds assumed in part payment of lines purchased (See list in table 3 following)	20,215,746.03
<hr/>	
	383,302,451.33
<hr/>	
	\$436,173,761.87

III. Bonds Shown as Outstanding, but for Which no Proceeds are Reported as Received—Payment Assumed by Canadian Northern Railway as Part of Purchase.

Qu'A.L.L. & S. Ry. & S.B. Co. 4% 1st mtg. deb. stock ..	\$ 5,051,462.90
Less in treasury	31,781.80
<hr/>	
	\$ 5,019,681.10
Central Ontario Ry., 5% 1st mtg. bonds	956,300.00
Bay of Quinte Ry., 5% 1st mtg. bonds	830,000.00
Gt. No. Ry. of Canada, 4% 1st mtg. bonds ..	3,505,750.00
Que. & Lake St. John Ry., 4% mtg. deb. stock	4,359,014.93
*Duluth, Rainy Lk. & W. Ry., 5% 1st mtg. bds.	2,000,000.00

Halifax & Southwestern, 3½% 1st mtg. bonds	4,447,000.00
*Minnesota & Manitoba Ry., 4% 1st mtg. bds.	349,000.00
Niagara St. C. & T. Ry., 5% 1st mtg. bonds	1,098,000.00
<hr/>	
	\$ 22,564,746.03

*Less bonds on leased lines not included in funded debt:—

Duluth, Rainy Lk. & Winnipeg Railway	\$ 2,000,000.00
Minnesota & Manitoba Railway	349,000.00
<hr/>	
	2,349,000.00
<hr/>	
	\$ 20,215,746.03

From this total maximum of \$383,302,451 we deduct the following items, which the company has included in cost of road and equipment, but which do not represent investment in property:—

1. Advances to controlled companies to pay indebtedness for interest subsequent to construction and operating deficits which were capitalized when the system was put together, not less than	\$10,000,000
2. Interest during 1916 overcharged to construction, not less than	3,000,000
<hr/>	
	\$13,000,000

Leaving for investment in road and equipment and in securities of constituent and subsidiary companies

We find, then, \$370,000,000 to be the maximum possible cost of the Canadian Northern system as at present existing. In other words, as indeed is frankly admitted by Canadian Northern witnesses, the Canadian Northern shares represent no cash investment.

2. PHYSICAL BASIS.—But money cost is not all. We decided also to ascertain the approximate value, on the basis of reproduction cost, of the property as it exists to-day. And we rely on Professor Swain's valuation for this purpose. This valuation is, in his opinion, a liberal estimate of the fair cost of reproducing new, at pre-war prices of labor and material, the system at present existing. It includes property belonging to the system at its estimated cost, if it had to be acquired or constructed to-day. And therefore it not only gives the company credit for lands which it in fact owns, even though it obtained them as a grant; but it also credits the company with the increment of land values since the date of the original acquisition. And these two items are quite large.

Professor Swain's method of arriving at his results are fully explained in his report, which is printed as an appendix hereto. He makes the total cost of reproduction new, \$397,441,567. From this he deducts for depreciation \$40,031,889, making the cost of reproduction of the property in its present condition \$357,409,678. This, however, does not include equipment. The equipment was inspected by Mr. Buchanan and, on the basis of his report as to quantities and condition, a valuation has been made by Mr. W. H. Chadbourn, C.E., chief engineer of our valuation staff. He finds the cost of reproduction new at pre-war prices to be \$56,590,418, and the depreciation to be \$11,250,433, making the present value \$45,339,985. Putting the two valuations together, we have \$402,749,663 as the fair cost of reproducing the entire physical Canadian Northern system in its present condition. Now the outstanding liabilities (bonds, debentures, notes, and bank and other loans) of the company exceed \$400,000,000.

Reckoning on this basis, it appears that the liabilities are practically equal to the reproduction cost of the

(Continued on page 44.)

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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CANADIAN NORTHERN PURCHASE

The proposal of the government to acquire the Canadian Northern Railway system, leaving the Grand Trunk and the Canadian Pacific Railways as they are, and loaning the Grand Trunk Pacific \$7,500,000 does not follow the recommendations of its Railway Inquiry Commission. Mr. A. H. Smith's minority report recommended the following remedies for the existing railroad situation: "Let the Canadian Pacific alone; let the Grand Trunk operate the eastern lines now held by that company and the Canadian Northern; let the Canadian Northern operate the western lines, now held by that company and the Grand Trunk Pacific system; let the government operate the connections or procure their operation by private companies; all of which should be done under arrangements that are equitable and yet look to the not distant day when the country will have survived the war and resumed its prosperous growth."

The majority report signed by Sir Henry Drayton and Mr. Acworth, recommended that the control of the Canadian Northern, Grand Trunk and Grand Trunk Pacific should pass into other hands; that the rights of the creditors of all three companies be preserved intact; that the three undertakings be united in one system, taken over by the country and operated by an independent board of trustees. Instead of adopting any of these recommendations, the government has decided to leave the railroad problem where it is, except for the acquisition of the Canadian Northern. This satisfies the popular demand that no further financial assistance should be granted the company without the country obtaining control of the enterprise. The price paid for that privilege we do not know. Arbitration will fix the value of the \$60,000,000 common stock. Mr. E. M. Macdonald, in discussing the proposals in the House last week, figured that the national debt would be increased by over \$600,000,000 by this venture. The finance minister will probably give the House an exact statement of what the

country will pay for the privilege of owning and operating the Canadian Northern Railway, leaving aside for the time being the \$60,000,000 common stock.

The present proposals do not solve the railroad problem but they effectively postpone consideration of a complete solution until the end of the war is in sight. That the Canadian Northern experiment is to be a costly one with unknown results, seems pretty clear.

LIVING COSTS' INVESTIGATION

Breaking away from dusty precedents, Mr. W. F. O'Connor, K.C., acting commissioner inquiring into the cost of living, dives into the mysteries of trading, with refreshing abandon. His is about the liveliest official document published for a long time. A popular mixture of slang, good English, Latin phrases, modesty and boastfulness, it furnishes the reader with an excellent idea of what the O'Connors can do when they begin to investigate. Extra tone is given to the report by a judicious sprinkling of italicized words. It covers a variety of subjects, ranging from cost accounting to the regulation of combines. It discusses the public attitude to the increasing cost of living, public misconceptions as to trading, the lack of manufacturing costs, and a hundred other things. The commissioner says that his investigation into cold storage commodities "was an ambitious effort," that it was undertaken "by a small and at the beginning, comparatively uninformed staff," but, "in the result reasonably complete and satisfactory returns were obtained from every known cold storage establishment in Canada." Later, he refers to "tireless assistance from a small but exceedingly competent staff," the staff apparently having stayed in size and expanded in knowledge.

Commissioner O'Connor says that in the investigation of some lines, notwithstanding greatly enhanced selling prices, he found that dealers were making less profit than when they had been selling the same lines for about half the present prices. "Rarely only have I heard, even, of cases meet for criticism or complaint. I know that this isn't the popular conception of the situation. It isn't in fact the conception with which I began investigating. I know that what I am now writing is not the most popular thing that I could write. But I know my facts and have the proofs. This makes quite a difference when one's endeavor is to be fair. In the various reports that I shall place in your hands you will find these proofs laboriously gleaned from many quarters. They are not based upon the word or oath of those investigated, merely. I have tapped many outside sources."

Mr. O'Connor submits that his cold storage report is of very great value. Besides cold storage, he has investigated sugar and coal, and is now enquiring into the canning business, the flour milling business, the ice business and into the production and marketing of bread, potatoes and other food products. Then there are further investigations, some extensively and others but slightly advanced. These include salt, textiles, knit goods, silk, raisins, sauces, vinegars, yeast, fancy cheeses, starch, syrups and condensed milks. The high cost of living, therefore, is to be severely perforated by Mr. O'Connor and his staff. We shall have at least a library of interesting reports on these commodities.

The commissioner has "noted some recent expressions of doubt as to the value" of his investigations, "with direct relation to their effect in reducing the cost of commodities." It is asked, he says, "how much have they reduced the

cost of eggs or butter or flour?" Mr. O'Connor says the answer is "ex necessitate, one cannot tell, but," adds the commissioner, "neither can one establish the proportion of lives saved by the observance of health regulations, or of the crimes which would have been committed were it not for the fear of police. Men die. Crimes are committed. But nobody ever asks, 'What's the use?'" The most cursory perusal of the Order-in-Council under which the investigations are being made will enable the discovery that it has only two aims: (1) The prevention of any undue and unnecessary accumulation and withholding from sale in face of a fair price obtainable; and (2) the prevention of combining in restraint of competition or for the enhancement of prices. Mr. O'Connor takes the ground that his work ceases at that point. In his cold storage report, he makes it clear that his is a work of investigation and that for action, we must look to Food Controller Hanna. The very knowledge that costs and prices were undergoing constant supervision has, Mr. O'Connor is sure, done much to restrain undue inflation of prices.

Mr. O'Connor thinks that the municipalities, as cost of living investigators, are a failure. He knows of no case of a satisfactory municipal investigation, properly instituted and seen through. "To descend to the vernacular," he says, "there has developed on the part of municipalities considerably too much the art of 'passing the buck.'" Finally, Mr. O'Connor says there is much greater liberty of combination among firms abroad, including those in England, than obtains in Canada. He recommends the establishment of a trade and industrial board, with jurisdiction over trade combines and trade methods, and adds that it would be dangerous to permit the formation of trade combinations except under State supervision. All of which is respectfully submitted.

CAPITAL AND LABOR

When the labor leaders were interviewed in Toronto as to their opinion of the proposed income tax, one of them stated that no man should have an income of more than \$10,000 per annum. That is typical of much thoughtless comment in regard to capital and capitalists in these days of war. We may first take it for granted there is general agreement that undue profits both in war and peace times should be curbed, especially when they affect the cost of the necessities of life. The wage-earner has a right to live decently, to be given every proper consideration by the employer, to receive a fair wage for his labor, and to obtain the benefits of practical efforts to improve living conditions. This is not encouraged by continually making capital the subject of unfair criticism. To say that \$10,000 a year is enough income for any man, is foolish. Most men with twenty times that income, spend several tens of thousands yearly in wages to the very men who complain because their employers have comparatively large incomes.

The trouble is that most of us figure what we think we would be able to do with the other man's income. We do not figure what the other man has to do with that income, what his responsibilities are and what considerable employment he is able to give by reason of his income and of his direct and indirect investments in industry. The tendency to-day is to abuse men merely because they are wealthy, because they are capitalists. Some wealthy men, and some capitalists, are selfish and have no conception of or desire to understand the reasonable demands of

labor, but that is not generally the case. Labor leaders only render more difficult a better understanding between capital and labor by making random and inflammatory statements as to capital. The only way successfully to solve our national problems is for capital and labor to try and work well together. Their interests are common. Pulling different ways is bad for both. Capital should analyze and understand labor's position before it makes a statement as to labor's position. Labor should take similar ground. Wild statements by either side make difficulties, misunderstanding and bitterness.

OUR COAL PROBLEM

The coal situation is likely to be materially relieved by the work of our fuel controller, Mr. C. P. McGrath, and his assistant, Mr. McCue. The sources of supply and the United States government are apparently willing to facilitate the export of coal to Canada. It remains for us to see that adequate arrangements are made for its transport. This is the position under comparatively favorable conditions. Fortunately, the two countries are co-operating with a view to relieving the coal shortage and preventing discomfort, inconvenience and perhaps industrial disaster during the coming winter. One cannot help thinking, however, what a serious problem would confront us were the United States indifferent or antagonistic to our interests in this matter. A keen student of the coal situation put it to *The Monetary Times* in this way: "In such an event the United States could almost put Canada out of business in one winter."

As *The Monetary Times* has previously pointed out, it is not impossible that the time may come when the United States may deem it expedient to reserve her supply of coal for her own use. Dr. George Otis Smith, director of the United States Geological Survey, commenting upon the world's supply of coal, and with particular reference to the reserves in his own country, states: "This glance at the world's reserves of coal shows plainly not only that the United States leads all other countries in production, our annual output being nearly 40 per cent. of the total, but also that it possesses the greatest reserves. Yet in respect to no mineral is there greater need to emphasize the folly of exporting the raw material. Let us keep our coal at home, and with it manufacture whatever the world needs."

The seriousness of the Canadian coal situation has been referred to in these columns on several occasions during the past few years. Examples are not wanting to show that when countries have recognized the fact that certain of their natural resources were essential to their national welfare, policies have been adopted designed to stop or curtail the exportation of such natural commodities. While our relations with the United States are likely to be always most friendly, our coal problems are difficult. Despite the good feeling existing between the two countries, we have had several unpleasant experiences in obtaining a sufficient supply of coal, notably last winter. In his article in *The Monetary Times Annual*, 1917, Mr. Arthur V. White, a well-known consulting engineer who has made a specialty of this problem, repeated statements made from time to time by various United States authorities which cannot allow us to forget how dependent we are upon the United States for our coal supply. The situation presents a serious national problem for solution.

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RECENT FIRES

The Monetary Times' Weekly Register of Fire Losses and Insurance

Avondale, N.S.—August 2—Mr. Thos. Mounce's barn, with a large quantity of hay, destroyed. Cause, lightning.

Fingal, Ont.—July 31—W. Davis' blacksmith's shop destroyed. Loss partly covered by insurance.

Forest, Ont.—August 1—Mr. Daniel McKinlay's barn, containing gasoline engine and sleighs, burned to the ground. Estimated loss, \$3,000. Insurance carried to the amount of \$1,500.

Fredericton, N.B.—August 1—Policeman Wm. Sturgeon's unoccupied house. Estimated loss, \$1,000. Practically no insurance carried.

Glencoe, Ont.—July 31—Woodburn flour mill totally destroyed. Estimated loss, \$40,000, covered by insurance.

Glencoe, Ont.—August 3—Mr. D. Leitch's house completely destroyed. Cause, coal oil stove.

Ingersoll, Ont.—August 6—Ingersoll Machine Company's hardening department destroyed. Estimated damage, \$2,000. Covered by insurance. Fire started in the oil.

Kingston, Ont.—August 2—W. F. Kelley Oil Company's plant. Estimated loss, \$16,000. Some insurance carried.

Kitchener, Ont.—August 6—Roma Theatre severely damaged. Loss estimated at \$5,000. Cause, wire in electric piano.

Lethbridge, Alta.—July 29—Mr. A. Jensen's barn, containing 200 bushels of wheat.

Loggieville, N.B.—July 30—The Loggie Homestead's barn and three houses destroyed. Insurance is carried.

Lower St. Mary's, Ont.—August 1—Mrs. J. W. Spurgeon's unoccupied house. No insurance carried.

Michel, B.C.—July 31—Crow's Nest Pass Coal Company's colliery damaged.

Osnabruck Centre, Ont.—August 5—Town hall and old, unoccupied Orange Hall destroyed. Cause, incendiarism.

Pipestone, Man.—August 2—Fire starting in the main street destroyed the post-office, one general store, implement warehouse, butcher shop, barber shop, drug store and the bank. Loss will amount to about \$50,000, partly covered by insurance.

Pontypool, Ont.—July 31—Business section, Coulter House and garage. Estimated loss will run into thousands.

Port Stanley, Ont.—August 6—Mr. J. R. Minhinnick's barn.

Steveston, B.C.—July 26—Several buildings in Japanese section destroyed, including theatre, hardware store, electrical supply store and four small cottages. Estimated loss, \$10,000.

Strathadan, N.B.—August 2—Mr. John Keating's barn, containing fifteen tons of hay, destroyed. Cause, lightning.

Strathroy, Ont.—August 4—Strathroy basket factory completely destroyed. Estimated damage, \$10,000.

Trafalgar, Ont.—July 27—Mr. Cavanaugh's house destroyed. Insurance carried. Cause, coal oil stove.

July 27—Mr. Thos. May's barn. Loss partly covered by insurance.

Union, Ont.—August 7—Mr. R. W. Hepburn's barns, containing 32 tons of hay, totally destroyed.

Upper Maugerville, N.B.—August 2—Mr. Ashley Dyke-man's barn totally destroyed. Cause, lightning.

Upper Queensbury, N.B.—August 2—Mr. Ernest Hay's three barns and contents destroyed by lightning.

Windsor, N.S.—August 2—Mr. A. P. Redden's two barns, containing fifty tons of hay, farm implements and cattle, totally destroyed. No insurance carried. Cause, lightning.

Winnipeg, Man.—August 6—Macdonald's consolidated wholesale grocery house. Damage to stock, \$300,000; total damage, \$110,000. Fully covered by insurance. Cause, defective wiring.

August 5—Mr. W. McIntosh's automobile, 19 Rothesay Apartments. Estimated damage, \$400. No insurance carried.

Winnipeg, Man.—August 3—Mr. W. Germaine's house, 533 Belmont Avenue, West Kildonan, destroyed. Insurance carried to the amount of \$500.

Yellow Crass, Sask.—August 3—Mr. Leslie Corbett's farm buildings.

ADDITIONAL INFORMATION CONCERNING FIRES ALREADY REPORTED

Belmont, Man.—July 17—Mr. H. R. Drummond-Hay's store, warehouse and hall above; occupants, Messrs. Barker and Turner. Estimated loss on building, \$5,000; insurance on same, \$2,000. Total insurance, \$2,000, carried in the Canadian Fire Insurance Company. Other property damaged was Cannon and Houghton's hardware store, Mr. Cosgrove's butcher shop and residence, Forgly and Smith's lumber office. Cause, lighted match.

Haystone, B.C.—July 18—Rock Creek Lumber Company's lumber. Estimated damage, \$15,000. Total insurance, 12,000, carried in British Colonial, Springfield, Connecticut and Alliance of Philadelphia. Cause, spark from refuse burner.

Ingersoll, Ont.—Grand Trunk stock car burned with seventeen head of cattle, July 26th.

Macklin, Sask.—July 18—In the recent fire the following property was destroyed: Bakery and confectionery store, drug store, general store and vacant furniture store. Owners, C. C. Crich, J. H. Bamford, Mike Bruser and Colonial Investment and Loan Company. Estimated damage on buildings, \$15,000; on stock, \$30,000. Cause, children playing with matches. Insured in the following companies:—

Name of company.	Insurance on stock.	Insurance on buildings.	Total insurance.
Royal	\$8,000	\$1,000	\$9,000
Guardian	3,000	.....	3,000
Hartford	2,500	.....	2,500
Mount Royal . . . . .	.....	2,000	2,000
Retail Merchants	2,000	.....	2,000
Occidental	600	.....	600

Montreal, Que.—Tenement at 2943-2943d St. Dominique Street damaged, July 29th. Origin, lightning.

Nashwaak Village, N.B.—July 19—Additional information shows damage to Mr. E. Bank's barn, \$1,400. Insurance on buildings, \$600. Total insurance, \$600, carried in North British and Mercantile.

Niagara Falls, Ont.—Fire of unknown origin did \$1,000 damage to buildings used to house servants at the Hotel Prospect at Second Street and Jefferson Avenue, July 22nd.

Salmo, B.C.—July 11—Kootenay Shingle Company's Shingle mill, dry kiln and office. Estimated damage on stock, \$2,000; on buildings, \$20,000. Insurance on buildings, \$3,000, carried in Glens Falls.

Mr. A. Higgins, clerk of the fire department, Saskatoon, makes the following report of July fires to *The Monetary Times*:—

July 7—Wholesale grocery, occupant, McDonald and Crawford, owner, ditto. Damage to stock, \$125; insurance on stock, \$95,000; on buildings, \$9,000; total, \$104,000, carried in various companies. Cause, electric motor controller burnt out.

July 13—Automobile, owner, Mr. H. V. Hryrowalk. Estimated damage, \$10. Cause, leak in gasoline pipe.

July 23—Dwelling-house, owner, Mr. Pangborne. Damage to building, \$40. No insurance carried. Cause, children playing with matches.

July 27—Storehouse, owned by Dominion government. Estimated damage, \$10. Cause, spontaneous combustion.

July 31—Mr. J. Montgomery's barn.

Stratford, Ont.—Residence of Lawrence Grant completely destroyed, July 22nd. No insurance. Supposed origin, explosion of kitchen stove.

Strathroy, Ont.—July 13—The following is the insurance on stock involved in the Dominion Cannery fire on July 13th: Alliance, \$20,000; British America, \$50,000; British Colonial, \$17,500; British Empire Underwriters, \$25,000; Canada National, \$62,500; Economical, \$12,500; Employers, \$50,000; General, \$25,000; Hartford, \$50,000; Imperial Underwriters, \$62,500; Liverpool-Manitoba, \$50,000; London Guarantee, \$25,000; Millers National, \$12,500; National, \$50,000; National Union, \$20,000; North British and Mercantile, \$20,000; Northern, \$25,000; Norwich, \$50,000; Occidental, \$10,000; Ocean, \$50,000; Phoenix of London, \$50,000; Rochester Underwriters, \$25,000; St. Lawrence Underwriters, \$12,500; Sun, \$125,000; Westchester, \$10,000; Western, \$25,000; Montreal Underwriters, \$75,000; Insurance Company of North America, \$40,000; Lloyds Underwriters, \$39,000; Unlicensed Insurance, \$1,350,000. Total, \$2,439,000. Loss about \$60,000.

Tring Junction, Que.—G. Plante's mill destroyed and two cottages damaged, July 24th. Loss, \$3,000; no insurance. Origin, lightning.

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		Wesleyville	

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Havana, Cuba San Juan, Porto Rico.
Jamaica—Black River, Kingston, Mandeville, Montego Bay, Morant Bay, Port Antonio, Port Maria, Spanish Town, St. Ann's Bay, Savanna-la-Mar.

IN UNITED STATES

BOSTON CHICAGO NEW YORK (AGENCY)

CORRESPONDENTS

Great Britain—London Joint Stock Bank Ltd. ; Royal Bank of Scotland.
France—Credit Lyonnais.
United States—Bank of New York, N.B.A., New York ; Merchants National Bank, Boston ; First National Bank, Chicago ; Fourth Street National Bank, Philadelphia ; Citizens National Bank, Baltimore ; Canadian Bank of Commerce, San Francisco ; First and Security National Bank, Minneapolis ; First National Bank, Seattle.

THE BANK OF OTTAWA

ESTABLISHED 1874
95 BRANCHES IN CANADA

Capital Paid Up - \$4,000,000
Rest - 4,750,000

Board of Directors
HON. GEORGE BRYSON, President.
JOHN B. FRASER, Vice President.
RUSSELL BLACKBURN
SIR GEORGE BURN
SIR HENRY K. EGAN
HON. GEORGE GORDON
ALEXANDER MACLAREN M. J. O'BRIEN
HON. SIR GEORGE H. PERLEY E. C. WHITNEY
General Manager, Assistant General Manager,
D. M. FINNIE H. V. CANN
W. DUTHIE, Chief Inspector.

Interest added half yearly to Savings balances.
Prudent people gradually build up savings funds, and are thus prepared for the opportunities or necessities of the future.

THE HOME BANK OF CANADA

ORIGINAL CHARTER 1854

NOTICE OF QUARTERLY DIVIDEND

Notice is hereby given that a Dividend at the rate of five per cent. per annum (5%) upon the paid-up Capital Stock of this Bank, has been declared for the three months ending the 31st August, 1917, and that the same will be payable at the Head Office and Branches on and after Saturday, the 1st day of September, 1917. The Transfer Books will be closed from the 17th day of August to the 31st day of August, 1917, both days inclusive.

By Order of the Board,
J. COOPER MASON,
Acting General Manager

Toronto, July 18th, 1917.

UNJUST LIFE INSURANCE TAX

Fifteen Per Cent. Surtax Proposed in States on Undistributed Profits

Declaring that the application to life insurance companies of the proposed 15 per cent. surtax on undistributed profits, as contained in the present form of the United States war revenue bill, is against public policy, the Association of Life Insurance Presidents has presented arguments for relief to the members of the Senate finance committee. The avowed object of the proposed undistributed profits tax is to force corporations generally to distribute their net earnings annually, and thus make these funds subject to taxation in the hands of stockholders. The measure does not take into consideration the peculiar relationship of surplus in life insurance to the security of policyholders, and it is on this ground principally that exemption is sought.

In his memorandum, filed with the finance committee, the association's attorney, Mr. Frederic G. Dunham, states, in part, as follows:—

Protection of Policyholders.

"The existence of a surplus commensurate with the amount at risk in an insurance corporation is essential to the protection of its policyholders. Any legislation tending to discourage the accumulation of such surplus is, therefore, necessarily against public policy. The provision in the Senate draft of the war revenue bill (H.R. 4280) imposing a surtax of 15 per cent. upon so much of the annual net taxable income of corporations as remains undistributed sixty days after the expiration of the tax year, by penalizing the accumulation of surplus, tends to induce its distribution. If the insurance company be a stock corporation, the distribution of the entire net annual income will diminish in a corresponding degree the security of policyholders and the insuring public. If the insurance company be operated on the mutual plan and the distribution made be to policyholders, while the distributees will benefit slightly, as individuals, by small additions to the amounts received by them, the security of each as a policyholder, as well as the ability of the company to afford protection to the insuring public, will be no less affected than though the distribution had been made to stockholders.

Government Will Lose.

"In the case of dividends paid to stockholders, the revenue of the government will be increased through the increase in the amount of the taxable income of the distributees. In the case of increased dividends paid to mutual or participating policyholders of life insurance companies, however, the government will not only gain no revenue by reason of such distribution, but will actually lose the normal tax of 2 per cent. imposed by Section 10 of the act of September 8th, 1916, as well as the proposed war income tax of 2 per cent. provided for in Section 4 of the pending bill, which would otherwise be paid upon the net income of the corporation. The reason for this result is that the dividends paid by life insurance companies to their policyholders are properly recognized as mere returns of premiums, and as such are not only deductible from the gross income of the companies in arriving at their net taxable income, but also

exempt from tax to the policyholders. (Sections 4 and 12 (a) act, September 8th, 1916.)

"Insurance companies generally have incentive enough to distribute their net annual income. From all sides the demand is heard by the company managers for a distribution of surplus, which they have heretofore withstood only in part. It cannot be said that insurance corporations have in the past improperly withheld payment of dividends to stockholders. Likewise, the dividends allowed to the participating policyholders of life insurance companies have been increasingly liberal, and the additions to surplus or contingency reserves, from year to year, have uniformly been small when the surplus of such corporations is compared with their reserves. For these reasons we believe that the provision of the proposed revenue law imposing a surtax on the undistributed net annual income of corporations, and thus penalizing any increases in their surplus should be made inapplicable to insurance corporations.

"The first exemption incorporated in the Jones amendment, as it appears in the Senate draft of the bill, does not afford relief to insurance corporations. The additions to their reserves required by law are already recognized as the equivalent of disbursements, from the point of view of a proper income tax, in the act of September 8th, 1916 (Section 12 (a)).

Adequate Contingency Reserves.

"In addition to the necessity of accumulating adequate contingency reserves (the term applied to the surplus of life insurance corporations), which we have already explained, the companies are obliged by contract to accumulate funds for the benefit of deferred dividend policyholders. The greater part of these funds are, by the prevailing interpretation of the present law, subject to the normal income tax, and, unless exempted, will be subject to the proposed surtax of 15 per cent. When one appreciates that the companies are powerless to distribute these funds, which, if distributed, would be taxable neither to themselves nor to the distributees, the extreme hardship and injustice of the provision, which the author of the provision and the committee could not have intended, is apparent.

"The following is suggested as necessary to afford the insurance companies the relief from the proposed surtax which the best interests of their policyholders requires that they should have: To be added to or substituted for the first exemption (line 9, page 108):—

Undistributed Profits.

"The tax imposed by this subdivision shall not apply to:—

"(1) That portion of the undistributed profits used for the establishment or maintenance of reserves required by law, or, in the case of life insurance companies, added, with the express approval of the state insurance commissioner or other local supervising authority having jurisdiction over such corporations, to their contingency reserves or surplus, or to funds required to be accumulated to meet their policy obligations."

In a supplementary statement the functions of the surplus or contingency reserve of a life insurance corporation are described as follows:—

"1. To ensure the maintenance of unimpaired reserves in event of:—

- "(a) Depreciation in the value of assets.
- "(b) Inadequate returns from investments.
- "(c) Unfavorable mortality experience.
- "(d) Other unforeseen adverse conditions.

"2. To equalize the dividends paid or apportioned to policyholders, notwithstanding possible deficiencies in the amounts available for distribution due to variations in the results of operation from year to year."

To a Salesman who prefers the Coast:

This is an invitation to communicate with the Canada Life Assurance Company, Vancouver, for information as to general conditions and possibilities in the interesting Province of British Columbia.

Some of the recent group policies written by the Prudential Insurance Company, of Newark, N.J., are as follows: Kahn Manufacturing Company, Mobile, Ala., manufacturers of overalls; the Ashland Fire Brick Company, Ashland, Ky.; Edward G. Budd Manufacturing Company, Philadelphia, Pa., manufacturers of automobile bodies, makers of difficult shapes in sheet steel; Williamsport Radiator Company, Williamsport, Pa.; Ransbottom Brothers Pottery Company, Roseville, Ohio, the largest stoneware pottery in the world; P. Rielly and Sons, Newark, N.J., patent and enamelled leather manufacturers; and Stuart-Keith and Company, Baltimore, Md., clothing manufacturers.

The Dominion Bank

HEAD OFFICE .. TORONTO

Sir EDMUND B. OSLER, M.P.,
President

W. D. MATTHEWS,
Vice-President

C. A. BOGERT, GENERAL MANAGER

The London, England, Branch

Of the Dominion Bank at 73 Cornhill, E.C.

Conducts a General Banking and Foreign Exchange Business, and has ample facilities for handling collections and remittances from Canada. 347

The Standard Bank of Canada

Established 1873 130 Branches
Capital (Authorized by Act of Parliament) \$5,000,000.00
Capital Paid-up 3,381,270.00
Reserve Fund and Undivided Profits 4,534,863.63

DIRECTORS

W. F. COWAN, President. W. FRANCIS, K.C., Vice-President.
W. F. Allen, F. W. Cowan, H. Langlois, T. H. McMillan,
Thos. H. Wood.

HEAD Office, 15 King St. West TORONTO, Ont.

C. H. BASSON, General Manager.

J. S. LOUDON, Assistant General Manager.

SAVINGS BANK DEPARTMENT AT ALL BRANCHES

THE Royal Bank of Canada

INCORPORATED 1869

Capital Authorized \$ 25,000,000
Capital Paid-up 12,911,700
Reserve and Undivided Profits.... 14,324,000
Total Assets 295,000,000

HEAD OFFICE, MONTREAL

Sir H. S. HOLT, Pres. E. L. PEASE, V. Pres. and Man. Dir.
C. E. NEILL, General Manager.

365 Branches in Canada and Newfoundland.

Thirty-eight Branches in Cuba, Porto Rico, Dominican Republic, Costa Rica and Venezuela.

BRITISH WEST INDIES

ANTIGUA—St. John's; BAHAMAS—Nassau

BARBADOS—Bridgetown; DOMINICA—Roseau;

GRENADA—St. George's; JAMAICA—Kingston;

ST. KITTS—Basseterre

TRINIDAD—Port of Spain and San Fernando.

BRITISH HONDURAS—Belize.

BRITISH GUIANA—Georgetown, New Amsterdam, and Rose Hall (Corentyne).

LONDON, ENGLAND

Bank Bldgs.,
Princes Street, E.C.

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Business Accounts carried upon favorable terms.
Savings Department at all Branches.

AUSTRALIA and NEW ZEALAND BANK OF NEW SOUTH WALES

(ESTABLISHED 1817)
AUSTRALIA

PAID UP CAPITAL -
RESERVE FUND -
RESERVE LIABILITY OF PROPRIETORS



\$ 18,526,600.00
13,625,000.00
18,526,600.00
\$ 50,678,200.00
\$ 277,488,871.00

AGGREGATE ASSETS 30th SEPT., 1916

J. RUSSELL FRENCH, General Manager

338 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua (New Guinea), and London. The Bank transacts every description of Australian Banking Business. Wool and other Produce Credits arranged.

HEAD OFFICE: GEORGE STREET, SYDNEY.

LONDON OFFICE: 29 THREADNEEDLE STREET, E.C.

AGENTS: BANK OF MONTREAL, ROYAL BANK OF CANADA, BANK OF BRITISH NORTH AMERICA

LLOYDS BANK LIMITED,

HEAD OFFICE:

71, LOMBARD ST., LONDON, E.C.



(£5 = £1.)
CAPITAL SUBSCRIBED - - - \$156,521,000
CAPITAL PAID UP - - - 25,043,360
RESERVE FUND - - - 18,000,000
DEPOSITS, &c. (Dec., 1916) 759,079,725
ADVANCES, &c. do. 279,284,205

THIS BANK HAS NEARLY 900 OFFICES IN ENGLAND & WALES.
Colonial and Foreign Department: 17, CORNHILL, LONDON, E.C. London Agency of the Imperial Bank of Canada.
The Agency of Foreign and Colonial Banks is undertaken.

French Auxiliary: LLOYDS BANK (FRANCE) LIMITED,
with Offices at PARIS, BIARRITZ, BORDEAUX, HAVRE and NICE.

INCOME TAX AMENDMENTS

Several important changes were made in the federal income tax during the discussion in the House at Ottawa, one being that single men and widowers and widows without dependent children should be given less exemption. As the bill was drafted the exemption was \$2,000, but before the clause had been adopted the minister had cut it to \$1,500. The exemption to all other persons remained at \$3,000.

Despite a good deal of criticism, Sir Thomas White refused to treat the separate incomes of husband and wife as a joint income for taxation purposes. Each will be entitled to an exemption up to \$3,000, but a new clause was added that will make it impossible for either husband or wife to transfer income in order to evade the tax.

LONDON & LANCASHIRE LIFE ASSOCIATION

One of the oldest insurance companies in Canada, having commenced business here in 1863, the London and Lancashire Life and General Assurance Association has built up a strong financial position. The company's fifty-fourth annual statement shows an increase of \$208,350 in the life and annuity fund, and after payment of all outgoings, that fund stood at \$19,955,544. Since 1863 the company has invested considerable funds in Canada and is now doing a substantial business here. Last year it paid to Canadian beneficiaries \$351,522, its net premium income here was \$463,182, and on December 31, 1916, its assets in Canada had reached the substantial sum of \$6,208,124.

The latest annual report shows that last year the company issued 1,167 policies for sums assured amounting to \$3,156,005, producing a new annual premium income of \$122,215 and single premiums of \$7,135, making a total new premium income of \$129,350. Reassurances were effected for \$108,000. The sum of \$14,308 was received for the purchase of immediate annuities. The total life premium income after deduction of premiums paid for reassurances amounted to \$1,919,910. The income from interest and dividends on the life and annuity fund was \$748,308 after deduction of income tax. The total income of the life department was \$2,682,720. The claims by death, with bonus additions, amounted to \$1,160,900, including \$98,330 directly attributable to the war. Endowment policies matured during the year, representing sums assured of \$738,579 including bonus additions.

Mr. Alex. Bissett is the company's manager for Canada and he has his headquarters at Montreal. Mr. Bissett is a capable underwriter in whose judgment his colleagues in the insurance profession place great confidence. He is president of the Canadian Life Officers' Association. The London and Lancashire is writing in Canada a substantial volume of business, selected with great care.

BRITISH EMPIRE TRUST COMPANY

One of the gratifying announcements at the annual meeting of the British Empire Trust Company held in London last month was a recommendation to authorize the resumption of dividend payments on the preferred and deferred shares. These dividends have been paid with the knowledge that, after valuing the company's investments at the lowest figure of the prices quoted for them on the Stock Exchange, there is more than 20s. in the till in respect of every pound of the company's issued capital. The interest income for the year is almost equal to the amount which will be paid out in dividends. In principle, the directors' proposal is to distribute dividends approximately equal to the interest income, to offset expenses against the fees received as trustees, registrars and secretaries and to carry forward to next year approximately the amount released from special reserve by the improved position of our investments. Owing to the war, the company had no profits to report for the past year from issuing or underwriting commissions, as, with the single exception of subscribing for a substantial block of war loan, they did not embark on new business except such ordinary business as is regularly transacted from day to day. The efforts of the directors have been concentrated on protecting the shareholders from loss rather than on seeking to secure profits for them.

An unusually interesting address was presented at the meeting on behalf of Mr. R. M. Horne Payne, the company's

chairman. He referred, among other things, to the immense sums of British capital invested in Canada. Since 1902, the British Empire Trust Company alone has been responsible for investments here of approximately \$300,000,000. Referring to the marked tendency in certain parts of Canada to treat invested capital unfairly, Mr. Payne says this spirit is the more regrettable as the Dominion parliament itself is always careful to treat British capital with fairness and consideration. "I hope," he added, "that just counsels may prevail, and that the rights of investors will receive fair protection in all parts of Canada, but should the contrary occur, the people concerned must not be surprised if they find after the war that fresh capital is unobtainable, and that existing loans and mortgages cannot be renewed."

CANADA'S BANK CLEARINGS

The following are the bank clearings for the weeks of August 3, 1916, and August 4, 1917, respectively, with changes:—

	Week ended Aug. 4, '17.	Week ended Aug. 3, '16.	Changes.
Montreal	\$ 77,576,225	\$ 79,849,570	— \$ 2,273,345
Toronto	55,612,535	46,958,734	+ 8,653,801
Winnipeg	43,728,823	43,423,018	+ 305,805
Vancouver	8,190,934	6,485,704	+ 1,705,230
Ottawa	6,413,135	4,764,477	+ 1,648,658
Calgary	5,863,975	4,054,265	+ 1,809,710
Hamilton	4,823,932	4,073,353	+ 750,579
Quebec	4,103,553	3,678,929	+ 424,624
Edmonton	2,398,229	1,972,386	+ 425,843
Halifax	2,833,602	2,518,764	+ 314,838
London	1,857,431	1,942,460	— 85,029
Regina	2,795,189	2,418,547	+ 376,642
St. John	2,119,012	1,891,802	+ 227,210
Victoria	1,791,824	1,795,231	— 3,407
Saskatoon	1,586,848	1,212,895	+ 373,953
Moose Jaw	1,061,556	936,818	+ 124,738
Brandon	537,105	635,548	— 98,443
Brantford	703,865	569,903	+ 133,962
Fort William	577,369	628,150	— 50,781
Lethbridge	864,882	539,675	+ 325,207
Medicine Hat	488,898	324,839	+ 164,059
New Westminster	422,047	311,189	+ 110,858
Peterboro	688,583	590,828	+ 97,755
Sherbrooke	699,169	490,371	+ 208,798
Kitchener	537,962	503,752	+ 34,210
Totals	\$228,276,683	\$212,571,208	+ \$15,705,475

Toronto's bank clearings for the current week are \$51,029,187; for the similar period, 1916, \$35,313,051, and for 1915, \$34,177,544.

The following are the bank clearings for the months of July, 1917, and July, 1916, respectively:—

	Month ended July, 1917.	Month ended July, 1916.	Changes.
Montreal	\$361,480,320	\$326,715,007	+ \$ 34,765,313
Toronto	262,966,414	208,759,891	+ 54,206,523
Winnipeg	174,458,431	166,054,953	+ 8,403,478
Vancouver	35,285,172	27,481,846	+ 7,803,326
Ottawa	26,024,089	22,748,421	+ 3,275,668
Calgary	26,512,178	18,305,971	+ 8,207,107
Hamilton	20,581,042	16,550,551	+ 4,030,491
Quebec	19,791,439	16,662,264	+ 3,129,175
Edmonton	11,064,031	8,498,667	+ 2,565,364
Halifax	14,913,658	11,374,668	+ 3,538,990
London	9,744,933	8,718,756	+ 1,026,177
Regina	13,013,121	8,918,126	+ 4,094,995
St. John	8,802,471	7,807,281	+ 995,190
Victoria	7,321,487	7,715,591	— 394,104
Moose Jaw	4,483,089	3,851,749	+ 631,340
Brandon	2,276,235	2,624,982	— 348,747
Brantford	3,718,664	2,800,569	+ 918,095
Fort William	3,013,144	2,541,474	+ 471,670
Lethbridge	3,487,002	2,251,235	+ 1,235,767
Medicine Hat	2,220,796	1,428,348	+ 792,448
New Westminster	1,601,716	1,259,331	+ 342,385
Peterboro	2,913,954	2,277,538	+ 636,416
Sherbrooke	2,792,452	2,245,750	+ 546,702
Kitchener	2,440,430	2,007,140	+ 442,281
Totals	\$1,021,915,271	\$879,599,218	+ \$141,316,053

THE MOLSONS BANK

Capital Paid-Up, \$4,000,000 Reserve Fund, \$4,800,000

Incorporated by Act of Parliament 1855.

HEAD OFFICE ... MONTREAL

BOARD OF DIRECTORS

WM. MOLSON MACPHERSON, President. S. H. EWING, Vice-President
 Geo. E. Drummond Wm. M. Birks F. W. Molson
 W. A. Black E. J. Chamberlin
 EDWARD C. PRATT, General Manager

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Calgary
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**BRITISH COL-
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 Revelstoke
 Vancouver
 " East End
MANITOBA
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 " Portage Av.
ONTARIO
 Alvinston
 Amherstburg
 Aylmer
 Belleville
 Brockville
 Brucefield
 Chesterville
 Clinton | Delhi
 Dutton | Drumbo
 Exeter | Forest
 Formosa
 Frankford

Hamilton
 " Market
 " James & Barton
 Hensall
 Highgate
 Iroquois
 Kingsville
 Kirkton
 Kitchener
 Lambton Mills
 London
 Lucknow
 Meaford
 Merlin
 Morrisburg
 Norwich
 Ottawa
 Owen Sound
 Port Arthur
 Ridgetown
 Simcoe
 Smith's Falls
 St. Mary's
 St. Thomas
 " East End
 Teeswater

BRANCHES

Toronto
 " Queen St. W.
 " West Toronto
 Trenton
 Wales | Waterloo
 Williamsburg
 Woodstock
 Zurich
QUEBEC
 Arthabaska
 Bedford
 Chicoutimi
 Cowansville
 Drummondville
 Foster
 Fraserville
 and Riviere du Sorel
 Loup Station
 Knowlton
 Lachine
 Lachute | Matane
 Mont Joli
 Montreal
 " St. James St.
 " St. Catherine Ville St. Pierre
 St.
 Waterloo

Montreal—Cont.
 " Market & Harbor
 " St. Henri
 " Maisonneuve
 " Cote des Neiges
 " St. Lawrence
 " Boulevard
 " Cote St. Paul
 " Park & Bernard
 " Montreal, West
 " Tetreaultville
 Pierreville
 Quebec
 " Upper Town
 Richmond
 Roberval

AGENTS IN GREAT BRITAIN AND COLONIES—London and Liverpool—Parr's Bank, Limited. Ireland—Munster & Leinster Bank, Limited. Australia and New Zealand—The Union Bank of Australia, Limited. South Africa—The Standard Bank of South Africa, Limited.

FOREIGN AGENTS—France—Societe Generale. Belgium—Antwerp—La Banque d'Anvers. China and Japan—Hong Kong and Shanghai Banking Corporation. Cuba—Banco Nacional de Cuba.

AGENTS IN UNITED STATES—Agents and Correspondents in all the principal cities.

Collections made in all Parts of the Dominion, and returns promptly remitted at lowest rates of exchange. Commercial letters of Credit and Travellers' Circular Letters issued available in all parts of the world.

The National Bank of Scotland

Limited

Incorporated by Royal Charter and Act of Parliament. ESTABLISHED 1825

Capital Subscribed.....	£5,000,000	\$25,000,000
Paid up	1,000,000	5,000,000
Uncalled	4,000,000	20,000,000
Reserve Fund	700,000	3,500,000

Head Office

EDINBURGH

J. S. COCKBURN, General Manager. GEORGE A. HUNTER, Secretary.
 LONDON OFFICE—37 NICHOLAS LANE, LOMBARD ST., E.C.

JOHN FERGUSON, Manager. DUGALD SMITH, Assistant Manager.

The agency of Colonial and Foreign Banks is undertaken, and the Acceptances of Customers residing in the Colonies domiciled in London, are retired on terms which will be furnished on application.

THE STERLING BANK

OF CANADA

As evidence of our appreciation of our clients' business, we render to each and all an efficient, courteous service.

Head Office

King and Bay Streets, Toronto

32

ESTABLISHED 1865

Union Bank of Canada

Head Office - WINNIPEG

Paid-up Capital	\$ 5,000,000
Reserve	3,400,000
Total Assets (Over)	109,000,000

BOARD OF DIRECTORS

Hon. Pres., SIR WILLIAM PRICE President, JOHN GALT, Esq.
 Vice-Presidents, R. T. RILEY, Esq.; G. H. THOMSON, Esq.

W. R. Allan, Esq.	Major-General Sir John	J. S. Hough, Esq., K.C.
G. H. Balfour, Esq.	W. Carson.	F. E. Kenaston, Esq.
Hume Blake, Esq.	B. B. Cronyn, Esq.	R. O. McCulloch, Esq.
M. Bull, Esq.	E. L. Drewry, Esq.	Wm. Shaw, Esq.
	S. Haas, Esq.	

H. B. SHAW, Gen. Manager

J. W. HAMILTON, Assistant General Manager

Attention is particularly drawn to the advantages offered by the Foreign Exchange Department of our London, England, Office, and Merchants and Manufacturers are invited to avail themselves of the Commercial Information Bureau established at that Branch.

London, Eng., Branches, 6 Princes Street, E.C., and West End Branch, Haymarket, S.W.

New York Agency, 49 Wall Street, New York City.
 GEO. WILSON, Agent.

The Bank, having over 305 Branches in Canada, extending from Halifax to Prince Rupert, offers excellent facilities for the transaction of every description of Banking business. It has Correspondents in all Cities of importance throughout Canada, the United States, the United Kingdom, the Continent of Europe, and the British Colonies.

Collections made in all parts of the Dominion and returns promptly remitted at lowest rates of exchange. Letters of Credit and Travellers' Cheques issued available in all parts of the world.

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Bank of Hamilton

Dividend Notice

NOTICE is hereby given that a Dividend of Three Per Cent. (Twelve per cent. per annum) on the paid up capital of the Bank, for the quarter ending 31st August, has this day been declared, and that the same will be payable at the Bank and its Branches on 1st September next.

The Transfer Books will be closed from the 24th to 31st August, both inclusive.

By order of the Board.

J. P. BELL,
 General Manager.

Hamilton, 23rd July, 1917.

INVESTMENTS AND THE MARKET

News and Notes of Active Companies—Their Financing, Operations, Developments, Extensions, Dividends and Future Plans

Western Power Company of Canada, Limited.—The company reports operating revenues for June, 1917, of \$37,301, an increase of 20.5 per cent. over June, 1916. The net earnings for the 12 months ended June, 1917, are \$147,067, an increase of 31.0 per cent. over the 12 months ended June, 1916.

Dominion Abrasive Wheel Company.—The new plant at Mimico, Ont., the largest factory of its kind in Canada, has been completed and practically all the machinery installed. The plant will manufacture abrasive wheels and stones for grinding and sharpening, at the rate of 150,000 per week. The plant cost, including machinery, \$110,000.

McCillivray Creek Coal and Coke Company.—A dividend of \$24,143 has been declared for August 1 by the company. The disbursement will be at the rate of 1 per cent. on a capitalization of \$2,500,000, a greater part of which has been issued. This disbursement will be No. 5, and is the second of the year, the first having been made on January 1.

Canadian Northern Railway.—Sir Wm. Mackenzie, in an interview in Toronto last week, said that he was of the opinion that the stock in the hands of the company of \$60,000,000 was worth at least par, and that the company in the event of its purchase through arbitration would make every effort to get as much as possible for it. It was a great property, he said; the stock represented great prospects, and, speaking for himself, and he believed for his associates, they would be reluctant to part with it. The success of government operation of the road, he thought, would depend entirely upon the men appointed as directors.

United States Steel Corporation.—Analysis of the figures in the quarterly report shows that in the last six months the three principal European owners of the shares, common and preferred—Great Britain, Holland and France—have all been selling steadily and other European owners have generally been following their example. Canada has been a large purchaser of the common stock, but at the same time has been selling preferred, says a New York dispatch. In the six months ended December 31, 1916, the foreign holdings of steel stock dropped as a result almost entirely of this European liquidation, from 625,254 shares of common stock and 236,361 of preferred, to 502,632 shares of common and 156,412 shares of preferred.

Asbestos Corporation of Canada.—The net profits for six months ended June 30, 1917, amounted to \$224,560, which was sufficient to take care of \$75,000 bond interest, and the two quarterly dividends of 1 per cent. on the preferred stock, calling for \$80,000 and leave \$69,560 to add to balance at credit of profit and loss. This balance stood at \$500,102 at the end of 1916.

Earnings as shown are given as "net profits from operations." As no mention is made of the company's usual provision out of earnings for renewals and betterments, presumably the appropriation under that head is deferred until the end of the year. Charging up only bond interest against the profits shown, the surplus for the half-year was \$149,560, equivalent to earnings at the rate of 7.5 per cent. per annum on the \$4,000,000 preferred stock.

Ontario Steel Products Company.—Net earnings of the company in the year ended June 30, after providing for depreciation, business profits tax, etc., amounted to \$182,206. After bond interest of \$36,000, preferred dividends for the year at 7 per cent., and provision for 1¼ per cent. on arrears payable the 15th of this month, and after transferring \$24,000 to the bond redemption fund, a balance of \$183,497 is carried forward. The profits show a very substantial increase over last year. During the year past 7 per cent. was paid on the preferred shares, and 1¼ per cent. is payable on the 15th of this month, thus reducing the arrears to preferred shareholders to 6 per cent. In view of the increased work in capital necessary owing to the enormously enhanced prices of all raw materials, the directors have decided that it would be prudent to reasonably conserve the liquid and cash resources of the company until the business outlook can be more accurately

gauged, and further payment on account of deferred dividends is not looked for in the immediate future.

Nova Scotia Steel Company.—It is understood, says a Boston dispatch, that shareholders took only about 10 per cent. of the recent offer of 50,000 shares. This means that 45,000 shares of this company's ordinary stock have come in possession of a group of underwriters almost wholly living in the United States. Many of these underwriters have been actively interested in the steel industry and are among its foremost leaders.

With the former holdings of Hayden, Stone and Company's clientele, this means the transfer of a decided majority of the stock ownership of this great property to the United States. There is in this transfer of ownership nothing whatever in any possible way inimical to British or Canadian interests, and we believe that fact is thoroughly understood in British and Canadian governmental circles. This transfer, however, fits in perfectly with the plan of Hayden, Stone and Company, and many of their substantial clients to exercise the dominant interest in the development and expansion of this steel property. The owners of this property are well represented at present on the board of directors by N. Bruce MacKelvie, of Hayden, Stone and Company.

Canada Copper Corporation.—A special meeting of Canada Copper Corporation stockholders has been called for August 29 to authorize the issuance of \$2,500,000 ten-year 5 per cent. first mortgage sinking fund convertible bonds, dated January 1, 1918, and also to act on increasing the authorized capital stock to the extent of 1,000,000 shares, 833,333 of which will be held for conversion and the balance for corporate purposes. The company now has an authorized capital of 1,000,000 shares, \$5 par value, of which 945,454 are outstanding. There are also outstanding \$63,800 debentures, which are called for redemption. These are convertible into stock at par.

The new bonds will be used to cover the development of the recently acquired British Canada Copper Company, including the installation of a 3,000-ton mill, and also to supply working capital. Stockholders of record August 14 will be entitled to subscribe for their pro rata share of the new bonds on the basis of \$2.644 in bonds for each share of stock owned. Bonds are convertible into stock at any time before maturity at \$3 a share, but are redeemable at the option of the company on and after January 1, 1918, at 110 per cent. and interest. The terms of subscription are as follows: 20 per cent. of par on or before September 20, 1917; 20 per cent. November 15, 1917; 20 per cent. January 2, 1918; 20 per cent. February 19, 1918; 20 per cent. April 16, 1918.

Canadian Car and Foundry Company.—Senator Curry reviewing the Russian shell order business at the company's annual meeting said: "Notwithstanding disappointments your company was in a fair way to complete its contracts with a margin of profit, which, while greatly under our original estimates, was of a substantial character, when immediately upon the eve of the completion of our work our loading, assembling and shipping plant at Kingsland, New Jersey, U.S.A., was visited by a fire and consequent explosion which completely demolished it. This occurred on January 11th, 1917; the plant had been efficiently guarded and patrolled and no previous trouble of the kind had occurred. Fortunately, for your company at least, certain agreements had just been completed which vested in the Russian Commission the ownership of the larger part of the materials stored at Kingsland and by far the greater portion of the loss fell upon the Russian government.

"New supplementary agreements had again to be executed, and in the ensuing negotiations we arranged to cancel the contracts; your company received the equity in the assurances of all kinds carried at Kingsland, amounting, after adjustment, to approximately \$3,500,000, together with the salvage in plant and materials, and all equity in accounts with sub-contractors, etc., less the sum of \$585,000, to cover the entire equity of the Russian government in all matters.

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to obtain, aggregating in total about \$3,900,000. Upon the result of the adjustments it was estimated that at least \$3,700,000 would be collected, and of this sum about \$900,000 has yet to be paid."

Dealing with the question of commissions which have had to be adjusted in connection with the Russian contracts, Senator Curry said:—

"Commissions have been adjusted with one or two exceptions and these will be shortly settled. Part of the commission payments have been adjusted through the issuance of \$750,000 of the company's ordinary stock in lieu of cash payments. We have, in the main, been successful in reducing our commission liabilities in practically the same proportion as our profits have been reduced, and while it is not advisable, pending negotiations now under way, to make public the details of our commission payments, I shall be glad to discuss the matter personally with any individual shareholder who may desire further information."

Regarding the general business in the books of the company, Senator Curry said: "In the report now before you it was stated that the combined order books of your companies showed a value in unfilled orders of \$23,500,000. This has since been increased and at this date the value of unfilled orders aggregates over \$35,000,000. Your Fort William, Ont., plant, which has not yet been operated is now being put in condition for operation and it is expected to commence shipments of cars from this plant in October of this year."

As regards the dividend policy of the directors, the president said: "The company will require large borrowings from the banks, in addition to its own resources, to enable it to use its full facilities for the production of the orders now on hand, and as full indications point to increasingly severe monetary conditions this coming autumn and winter, your directors believe that the question of dividend payments must be held in abeyance until the assets of the company are in a more liquid position."

"The facilities of the Canadian Car and Foundry Company, Limited, were only to a small extent adapted to the manufacture of munitions and as the equipment business has been stagnant it has not operated at a profit since war began and is only just commencing a period of activity in its normal lines."

"The Canadian Steel Foundries, Limited, was largely adapted to the requirements of shell production but required a large expenditure for additional equipment and plant extensions to enable it to produce the tonnage required by the Munitions Board. It has and is making fair profits, but has been compelled to put its profits into the business."

"Prices of materials run from 100 to 300 per cent. above normal prices and inventory requirements are very burdensome. The combined inventories of materials at your various plants aggregate over \$6,000,000 to-day, and this sum will be greatly increased when the Fort William plant is in full operation. During the operation of the Russian contracts over \$3,500,000 of your company's working capital was continuously engaged thereon. While this money has since been returned, it has been required by the parent company for purposes of inventory and liquidation of bank advances, etc."

GRAND TRUNK PACIFIC LOAN FROM GOVERNMENT

According to the financial statement of the Grand Trunk Pacific Railway Company, tabled in the Commons by the minister of finance, the cash requirements of the system for the twelve-month period from July 1st of this year to June 30th of next year, total \$7,494,760. The total fixed interest charges amount to \$7,684,177, of which \$1,189,416 are provided for out of the balance of the eight million dollar loan of last year. The estimated amount required for improvements, including rolling stock, is \$2,000,000. On the Grand Trunk Pacific steamship lines an operating loss of \$100,000 is estimated for the year, while, on the operation of the railway lines a surplus of \$1,100,000 is estimated.

From these figures it will be seen that the government loan of \$7,500,000 for the coming twelve months just meets the requirements of the road, with two millions of that to meet the large requirements of additional rolling stock and improvements. In addition to this \$7,500,000 which the country is advancing to the company, it is to be noted that the Treasury is also called upon to pay \$1,655,000 as interest on the Mountain section 3 per cent. bonds. Under the original agreement the Dominion has to meet this interest charge for seven years from January 1st, 1916.

NEXT LIBERTY LOAN FLOTATION

It Will Likely be on November 15th, Probable Amount Being Three Billion Dollars—National Finances

Another United States government loan of Liberty Bonds will probably be floated about November 15th, according to Washington despatches. The amount will likely be \$3,000,000,000. The Wall Street Journal states that what rate of interest it will carry is not even known, as yet, to Secretary of the United States Treasury McAdoo. Market conditions will determine the rate. The rate may be 4 per cent. If this rate is necessary to make the loan a success, that rate will be fixed. If it is so determined, under the terms of the \$2,000,000,000 loan, that loan automatically becomes a 4 per cent issue.

"Secretary McAdoo is in constant touch with the financial pulse of the country and is in almost daily conference with members of the Federal Reserve Board here, who, in turn, are in correspondence with the governors and directing heads of the twelve Federal Reserve banks throughout the country. These banks still have the same machinery in hand which they employed so energetically and successfully on the first issue of Liberty Bonds."

Anticipate No Difficulty.

In the opinion of Mr Robert W. Wooley, who was the publicity manager of the first issue of Liberty Loan bonds, the second issue will be floated with little difficulty. Its mere announcement, he feels, will almost be sufficient. These reasons for success are assigned:—

First, the better education of the masses to the necessity of the loans. Second, experience gathered by United States officials in handling the last loan. Third, fact that the new loan will start in with nearly, or quite, \$1,000,000,000, the amount that the first issue was over-subscribed.

All the data on the last loan are in hands of the United States Treasury, and those whose allotments were curtailed will have an opportunity to get the amount of bonds they desire.

Annual Revenue of Two Billions.

The revised revenue bill of the United States will probably provide for taxes from which an annual revenue of \$2,000,000,000 may be expected. This would leave approximately \$3,000,000,000 of needs to be taken care of by an issue of bonds. The Treasury has estimated that approximately \$2,000,000,000 more bonds for making credit loans to the Allies will be necessary during the current year. Congress has already authorized an issue of \$2,000,000,000 bonds for our own needs and \$3,000,000,000 for credit loans to the Allies. The total bond issues in the United States during the first year of the war, consequently, promise to amount to \$10,000,000,000.

Credits to Allies.

A further extension of credit was made last week to Great Britain and France by the United States government. The amount advanced to Great Britain was \$185,000,000, and the allowance to France was \$160,000,000, a total of \$345,000,000, leaving a balance yet to be granted of \$55,000,000 of the regular programme of \$400,000,000 a month to be advanced to the allied governments. The total thus far given to Great Britain is now, including the latest British loan, \$955,000,000, and that to France \$530,000,000.

INSURANCE BILLS RECEIVE ROYAL ASSENT

On July 25th the royal assent was given at Ottawa to the following bills relating to insurance: An act respecting the Guardian Accident and Guarantee Company and to change its name to the Guardian Insurance Company of Canada; an act respecting the Canadian Order of the Woodmen of the World; an act to incorporate Alliance Nationale; an act to incorporate La Societe des Artisans Canadiens Francais; an act to amend the act incorporating the Canadian Surety Company; an act respecting the Western Life Assurance Company; an act respecting the Empire Life Insurance Company of Canada; an act respecting the Security Life Insurance Company of Canada; an act respecting the Canada Preferred Insurance Company; an act respecting the Western Canada Accident and Guarantee Insurance Company.

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TAKING OVER THE CANADIAN NORTHERN

Pledges and Owners of Stock Willing to Transfer— Value Stock by Arbitration

Sir Thomas White, in speaking at Ottawa last week of the transfer of the Canadian Northern Railway to the government, said the financial position of the Canadian Northern and the Grand Trunk Pacific was such as to demand imperatively further assistance from the government if their systems were to continue to serve the public as solvent, going concerns. Last year in connection with the loans of \$15,000,000 to the Canadian Northern Railway and \$18,000,000 to the Grand Trunk Pacific, Sir Thomas said he had announced that a commission would be appointed to fully investigate railway and transportation conditions in Canada with a view to finding a permanent solution thereto. He had then stated that it was possible, and even probable, that this solution might involve the Dominion taking over one or more of the existing systems, or even the larger question of the nationalization of the Canadian railways.

Sir Thomas referred to the appointment of the commission. The commissioners, he said, found themselves face to face with the need for constructive aid to the railways, but differed as to the nature of the aid, both now and for the future.

In spite of their differences there were in the reports of the commissioners certain points of agreement. Both reports agreed that the Canadian Pacific Railway was thoroughly sound and should not be interfered with, and both agreed that the Canadian Northern and the Grand Trunk Pacific were in a serious financial position and should be saved from liquidation.

Financial Position of Railways.

Sir Thomas then reviewed the financial position of both the Canadian Northern Railway and the Grand Trunk Pacific. The former was showing a surplus after paying fixed charges, but it had constantly to meet expenditures for betterment and new rolling stock. The result was that the company had not the ready money to meet interest charges. The Grand Trunk Pacific, however, was showing a loss on operation, and it was estimated that for the next year to meet fixed charges, betterments and the purchase of necessary rolling stock \$7,500,000 would be needed.

Coming to the government's proposals, he declared that they did not believe there should be further aid to the Canadian Northern while it was privately controlled. Briefly referring to the fact that the government already owned \$40,000,000 of the \$100,000,000 stock of the Canadian Northern, he said: "We propose to acquire the whole of this \$60,000,000 of stock for the people of Canada. With the \$40,000,000 stock that we have we shall be the absolute owners of the Canadian Northern Railway system. Whatever money we expend in the payment of fixed charges for betterment, for rolling stock, will inure to the sole benefit of the people of Canada."

The Grand Trunk Pacific, Sir Thomas stated, was in a different position, and the proposal of the government was that it should make a demand loan, payable at 6 per cent. and secured by mortgage, to the amount of \$7,500,000. That amount would be presented to the House in the supplementary estimates and power be taken to constitute the board of directors of the company as the government saw fit to do.

"Personally," commented the minister, "I would look forward to the government some day acquiring the Grand Trunk Pacific system, because with the Canadian Northern Railway system belonging to the government, as is proposed, the two systems could usefully co-operate in the west."

Value Stock by Arbitration.

Sir Thomas said he proposed to have the value of the stock of the Canadian Northern to be acquired determined by arbitration in the manner recommended in the Drayton-Acworth report. It was by a board of arbitrators, one member of which would be nominated by the government, another by the owners and pledgees of the stock, and the third by the other two, or, if they could not agree, by the senior judge of the Exchequer Court. If the arbitrators could not agree in fixing the value of the stock, provision would be

made for an appeal to the Supreme Court in both law and fact.

Sir Thomas White said that five-sixths of the 600,000 shares could be got in the near future, and it was known that the balance could be secured shortly afterwards. But as soon as the five-sixths had been vested in the minister of finance under agreement between the owners and pledgees and the governor-in-council, the government could declare that all the stock was vested in His Majesty. The pledgees and owners were known to be willing to transfer.

In this, said Sir Thomas, the government was preserving the corporate entity of the Canadian Northern.

"But when we get the stock," he said, "we shall be absolute masters of the whole corporation, and the reconstituted board would be a board of the Canadian Northern carried on for its shareholders, who will be the people of Canada. The private owners would be entirely eliminated."

In return for this, proceeded Sir Thomas, the government would acquire 5,913 miles of the Canadian Northern Railway, with branches in every province except New Brunswick and Prince Edward Island, and entry into every important city and centre in Canada, with all the adjuncts of the road—telegraphs, express, Lake Superior terminals, five elevators with a capacity of 10,000,000 bushels, steamship lines on the Great Lakes, and altogether some thirty subsidiary companies, whose capital stock was vested with the Canadian Northern Railway. By this acquisition of the Canadian Northern Railway for the people the government was securing direct connection for the west for the Intercolonial, with connections to Ontario and every part of Canada.

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended August 3rd, 1917:—

McKinley-Darragh-Savage Mines, 86,699; Dominion Reduction Company, 88,000; Kerr Lake Mine, 59,945; La Rose Mine, 114,259; Nipissing Mining Company, 283,571; Coniagas Mine, 162,041; Mining Corporation of Canada, 119,394. Total, 913,909 pounds, or 456.9 tons.

The total shipments since January 1st, 1917, now amount to 17,299,706 pounds, or 86,498.5 tons.

CANADIAN PORTABLE HOMES FOR FRANCE

During a discussion in the House of Commons recently, Sir George E. Foster, minister of trade and commerce, replying to a question about ready-built houses for France, said: "The matter was brought to my attention, and I took it up with the department and had the woodworkers plan certain houses. After these plans were made it was thought better—and under my advice it was done—to send the plans to Paris to have them thoroughly looked into and vised, as it were, by governmental authority, acting either directly or through a committee. That was done, and we received modified plans from them for two or three different styles of what we would call shacks, to be used temporarily until more permanent buildings could be erected. In every case their plan called for a more elaborate and more costly building than we had planned. Our buildings would cost from \$75 to \$100, but with the improvements, coverings, and the like of that, suggested by the French authorities, they would cost considerably more. However, a number of houses were constructed, and I got transport for them free of charge to Paris, where they were on exhibition in the Champs Elysees. I, myself, saw them when I was over there last summer. They had the name of Canada on them, and served to show not only our plan of construction for temporary buildings of this kind, but our materials as well, and they were seen by a great many people. But the war has gone on much longer than anybody thought it would, and, although we know now what they want and though the plans are in the hands of the woodworkers of Canada, not much is being done at present. They, too, I suppose, are awaiting the proper time. What works directly against them is the absolute impossibility of getting transport for goods."

The Royal Bank of Canada has opened a branch at Clarke's Harbor, N.S.

The Hamilton Provident and Loan Society

Capital Subscribed	\$2,000,000.00
Capital Paid-up	1,200,000.00
Reserve and Surplus Funds ..	1,091,062.50
Total Assets	4,662,881.00

Debentures of this Society are a legal investment for Trust Funds and carry highest current rate of interest.

Savings Department. Interest allowed on daily balance. Withdrawable by cheque.

MONEY TO LOAN. CORRESPONDENCE INVITED

Head Office, King Street, HAMILTON, Ont.

GEORGE HOPE, President

D. M. CAMERON, Treasurer

Experience in Investment

Those who can least afford to lose their money frequently are those who have had the least opportunity for acquiring the knowledge necessary to enable them to invest it safely.

Their first consideration should be the safety of their investment. Trustees and Executors are hedged about by legal limitations in the investment of trust funds. They are, however, expressly authorized by law to invest these moneys in the Bonds of the Canada Permanent Mortgage Corporation. These Bonds are, therefore, a most satisfactory security for those who should invest only where their money will be absolutely safe.

These Bonds are available for the smallest as well as the largest investments, as they are issued for one hundred dollars and upwards.

Canada Permanent Mortgage Corporation

Paid-up Capital and Reserve Fund, \$11,000,000.00

Toronto Street

Toronto

Established 1855

5 1/2%
per annum, payable half-yearly

The convenient Guaranteed plan of investment offered by the Canada Trust Company (which is managed in connection with the Half-Century-Old Huron and Erie Mortgage Corporation) yields a profitable rate of interest, combined with unquestioned safety.

Ask for particulars.

The Canada Trust Company

Head Offices - London, Canada

T. G. MEREDITH, K.C.,
President

HUME CRONYN,
General Manager

The most important document a person of large or small means is called on to prepare is his

LAST WILL AND TESTAMENT

It means the happiness and welfare of those most dear.

Ask for Booklet: "Make Your Will."

CAPITAL, ISSUED AND SUBSCRIBED ...\$1,171,700.00
PAID-UP CAPITAL AND RESERVE 860,225.00

The Imperial Canadian Trust Co.

Executor, Administrator, Assignee, Trustee, Etc.

HEAD OFFICE: WINNIPEG, CAN.

BRANCHES: SASKATOON, REGINA, EDMONTON, CALGARY,
VANCOUVER AND VICTORIA

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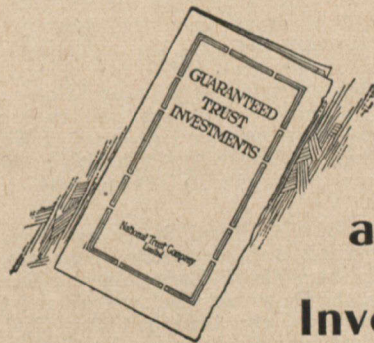
Your investments absolutely secured, without trouble or expense, and yielding you a high rate of interest half yearly and promptly on specified dates. By Act of The Ontario Legislature our Guaranteed Certificates are legal investments for Executors and Trustees.

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THE TRUSTS AND GUARANTEE COMPANY LIMITED

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JAMES J. WARREN
PRESIDENT

CALGARY
E. B. STOCKDALE
GENERAL MANAGER



Details of a Safe Investment

are contained in our Booklet, "Guaranteed Trust Investments," shown above. On the Guaranteed Trust Investment plan, moneys are entrusted to us for a three-year period, or for one of five years.

Such funds are invested by us for the most part in carefully selected first mortgages on improved real estate. Sums of \$500 and upwards are accepted, and interest at the rate of 5 per cent. per annum is paid by cheque half-yearly.

We are glad to mail a copy of the booklet anywhere on request.

National Trust Company Limited

Capital Paid-up, \$1,500,000

Reserve, \$1,500,000

18-22 King Street East, Toronto

COAL AND THE COST OF LIVING

Commissioner O'Connor Suggests Canadian Hearths Warmed by Alaska Coal Transported by Air-ships, 1937

Anthracite coal is extensively used in the eastern and central provinces of Canada. The amount consumed west of Manitoba is negligible. The coal is all imported from the United States. Canada has no known field of anthracite. There is a small coal deposit at Banff, in Western Alberta, which is termed anthracite, but it differs from the article generally known under that name. Canadian importations of anthracite during the fiscal year 1916-17 aggregate 4,568,440 tons of 2,000 pounds each.

The United States anthracite region is confined to about 480 square miles of the state of Pennsylvania. It embraces the counties of Susquehanna, Lackawanna, Wayne, Luzerne, Schuylkill, Carbon, Columbia, Northumberland and Dauphin. These facts are contained in the report on anthracite coal of Mr. W. F. O'Connor, K.C., acting commissioner, inquiring into the cost of living. The report continues:—

"The coal was first mined in 1765 and, at the rate at which production is increasing, the estimated life of the field is about 50 years. However, as the mines deepen mining costs increase and the resulting price for coal will probably restrict consumption. With a declining output it is possible that the mines may not be wholly exhausted in 200 years. It is considered that the period of maximum production has been passed, so that in all probability Pennsylvania's anthracite has already sold at the lowest price that it will ever reach. But the future holds a ray of hope. A fact not generally known is that there are immense deposits of anthracite coal in Alaska. The area of the field is estimated as high as 950 square miles. About 85 square miles are known to be productive. Chemical analysis has proved that this Alaskan anthracite is at least equal to the product of Pennsylvania.

Perhaps in 1937.

"Perhaps, therefore, ere the exhaustion of the Pennsylvania field, seemingly insuperable transportation difficulties will have been overcome. Perhaps, indeed, throughout the winter of, say, 1937, or 1938, the survivors of us may sit about our hearths warmed and cheered by the glowing product of the coal fields of Alaska, transported cheaply to us by giant freight ships, through the air. We are living in an age of wonder workers, so who can safely say that this is merely phantasy. It is only a question of time in any event when transportation facilities to the west will ensure for British Columbia and the other western provinces of Canada an abundance of Alaskan anthracite. Prohibitive freight rates operate now to bar the product of Pennsylvania from the entire Canadian west.

"About 90 per cent. of the United States production of anthracite coal is controlled by a few large concerns, the principal among them being: The Philadelphia and Reading Coal and Iron Company, the Delaware, Lackawanna and Western Coal and Sales Company, the Lehigh Valley Coal and Sales Company, the Susquehanna Coal Company, the Delaware and Hudson Coal Company, the Erie Coal and Sales Company.

Costs and Prices.

"I have necessarily confined my investigation into the anthracite coal business as conducted in Canada to the matters of costs and prices. I have endeavoured to discover: (1) Whether the commodity was being unduly accumulated in the hands of dealers, thus producing an artificial scarcity and an enhanced price; (2) whether the commodity was being offered for sale and being sold by dealers at a fair price; (3) whether any combines, local or other, existed among dealers, for the stifling of competition, by the fixing of a common price.

"I may as well indicate right here my conclusions, some of which will be elaborated as I proceed with this report:—

"1. I found no evidence of undue accumulation at any time since the beginning of the war. I found during the season of 1916-17 a general scarcity, instead. Whatever might have been the disposition of any dealer, circumstances had not lent themselves to the effectuation of anything like accumulation. At some places there prevailed at times during the past winter almost a famine.

"2. I found a most creditable condition as respects the matter of fair prices. Some rare and only recently reported cases of seeming overcharging are yet engaging my attention. High prices and fair prices are not necessarily different things. It will be enlightening, I am sure, to many, as it was to me, to learn what a very small profit, after all, has been derived by coal dealers, notwithstanding the undoubtedly high prices that the cost of coal to them has driven them to demand.

"3. I found no evidence of any general combine as to prices, but I did find ample evidence of local combines (illegal because in partial restraint of competition), made up of all or mostly all of the local coal dealers, in practically every city in Canada. In order to be fair, however, I have to admit that notwithstanding the illegal character of such combinations, they have not been responsible, so far as I can discover, for any enhancement of prices. If price enhancement was their object that object failed. Failure, of course, does not absolve from guilt. It is trite law that the illegality of a combination does not depend upon its success in the effecting of its purposes. But I do not believe that the enhancement of prices is the object of such combinations. They have a different, also illegal object, with which object I must confess considerable sympathy, and my regret that it is illegal, and, as such, reprehensible and condemnable. I think that the main object of such local associations is the avoidance of price cutting wars, resulting in sales below cost, as among their members. They attempt to effect this purpose by the setting from time to time of a ruling or common price. They do not bind their members to invariable adherence to such price. It is intended as an assistance to price stabilization. They discovered years ago that invariable adherence to a fixed price was impossible to secure in the coal trade, so they now agree in the most informal way upon a ruling local price or quotation, reserving liberty to each to actually sell below that price, in particular instances, at discretion. This is a very weak species of arrangement, but it is in the great majority of cases the only possible arrangement. Its intention is to restrict competition as to price and so it is illegal. Whether as a matter of fact such an arrangement can ever operate to produce unfair prices it is not necessary for me to consider.

Coal Dealers' Slender Agreements.

"In the case of the coal dealers it has not so operated. The weakness of the structure of such associations seem to be the consumer's best shield. So slender is the tie that binds the coal dealers together in such local associations that the figures for the from time to time arranged ruling price or quotation are necessarily set by those dealers, whether in the majority or minority, who desire to fix the ruling price lowest. Unless those who would set a higher figure accede there is danger of a breach of relations and an ensuing price war with sales below cost. The avoidance of price wars being the primary object of such associations the lowest desired common price rules. Price wars of a local character have been not uncommon. I shall furnish instances of such and of their effects. I am of those who believe, for reasons elsewhere in this report expounded, that their effects are prejudicial to dealer and consumer alike. The organization of some of these local associations is of the loosest kind. Hardly any of them have any formally expressed agreement as among their members, and it is amusing to a lawyer to note the solemn assurance with which this fact is often stated by those in business as freeing them from the responsibilities incident to the existence of an illegal business arrangement under our criminal law. Their arrangements are, in fact, as well understood, and in law as much against the law (even though they be formed by resort to the nod, the wink or the smile) as if executed with the most elaborate formality. While I have throughout my investigations properly conceded the legality of trade organizations designed to promote trade interests, I have insisted always upon the avoidance of combinations or agreements as to prices and I have exacted many obligations to abstain from such."

CANADA LIFE RESTRICTS TERM BUSINESS

The Canada Life Assurance Company, Toronto, has announced that hereafter, during the continuance of the war, it will not consider applications for term insurance on the lives of men under thirty-five years of age.

London and Lancashire Life and General Assurance Association Limited

Extracts from the Report of the Directors presented at the Fifty-Fourth Annual Meeting held in London, England, 1917

LIFE BUSINESS

During the year 1,167 policies were issued for sums assured amounting to **\$3,156,005**, producing a new annual Premium Income of **\$122,215** and Single Premiums of **\$7,135**, making a total NEW PREMIUM INCOME of **\$129,350**. Re-assurances were effected for **\$108,000**.

The sum of **\$14,308** was received for the purchase of Immediate Annuities.

The TOTAL LIFE PREMIUM INCOME after deduction of premiums paid for Re-assurances amounted to **\$1,919,910**.

The INCOME from INTEREST and DIVIDENDS on the life and Annuity Fund was **\$748,308** after deduction of Income Tax.

The TOTAL INCOME of the Life Department was **\$2,682,720**.

The Claims by death, with bonus additions, amounted to **\$1,160,900**, including **\$98,330** directly attributable to the war.

ENDOWMENT POLICIES matured during the year, representing Sums Assured of **\$738,579** including bonus additions.

After payment of all outgoings, the LIFE and Annuity FUND showed an increase of **\$208,350** and stood at **\$19,955,544**.

ALEX. BISSETT, Montreal, Manager for Canada.

LLOYDS INSURANCE ASSOCIATIONS

No Licenses Granted at Ottawa So Far for So-called Freak Insurance

Lloyds insurance associations were briefly mentioned in the discussion on the insurance act by the House at Ottawa in committee last week. Here is the reference:—

On section 4, subsection 3—Lloyds associations:—

Sir Thomas White: I have to insert after the word "or," in the 16th line, the words "any association of persons." The reason is to more accurately describe the system of inland insurance which is not confined to individuals, but applies to corporations as well. The use of the word "persons" would cover both cases.

Mr. Sinclair: Is this a new section?

Sir Thomas White: It is practically the same as in the old act.

Any Kind of Business?

Mr. Sinclair: I see that it authorizes a number of individuals to be licensed to carry on insurance business. Is there any limit to the subjects that this association would insure. In Lloyds you can take out a wager policy. You can get a policy, for example, that the war will terminate before the end of the present year by paying a sufficient premium. Perhaps you could get a policy that the present government would win the next election, but in that case it would require an enormous rate of premium. Does this mean that when an association is licensed to do business it can do any kind of business it wishes?

Sir Thomas White: No; it can only do the business it is authorized to do under the license. We have authority to license a company to carry on the class of wagering business referred to by my hon. friend, but in the exercise of our discretion I think it probable we would not do it. There is power to do it. They might apply for such a license and we would have to consider the question whether we should issue it or not. So far we have not granted licenses for so-called freak insurance.

Mr. Sinclair: The license itself will indicate the kind of business that is permitted.

Sir Thomas White: Yes.

Propriety of Definition.

Mr. Pugsley: Why is the word "individuals" used in reference to the word "association" on line 3, and in the amendment you use the word "persons"? Is there a different interpretation for the word "persons" from that of the word "individuals"? "Persons" would include a corporation, while "individuals" would not. Is it intended in one case to exclude corporations and in the other to admit them?

Sir Thomas White: The word "individuals" would not include "corporations," but it is the correct word to use in respect to Lloyds, because Lloyds is not a corporation, but an association of individuals. I think there is no question about the propriety of this definition of Lloyds. Now we come down to the amendment "or to any association of persons." That word "persons" is wide enough to embrace corporations as well as individuals.

Subsection as amended agreed to.

"FAR EAST" IN TORONTO

It sometimes requires years of work on the part of an entire family in the Far East to produce one of the beautiful Oriental rugs so much prized throughout the world. It has remained for Canadian inventors to perfect machinery to produce in a few hours a rug that would defy an expert to distinguish it from the genuine hand-made article. The first of these machines has just been completed, and will be shown in full operation in the Process Building at the Canadian National Exhibition, Toronto. Other process operations to be carried on there will be the manufacture of blankets and khaki cloth for the Canadian army, while in contrast will be shown an old spinning-wheel turning out rugs as grandmother did a hundred years ago. There will be shown also the blowing of delicate glass surgical and medical instruments and other equally interesting branches of manufacture.

CORPORATION INSURANCE IS VALUABLE

Policies on Lives of Business Executives Provide Protection Against Many Contingencies

While it is probably not a new idea for men of large means and important business relations to carry heavy life insurance, payable to their estates, or even to the concerns in which they are interested, the theory of insuring a life, the existence of which is valuable to a corporation or firm, for an amount approximately equal to its value in the business or, at least, for a sum that would enable the beneficiary under the policy to continue the business, after the death of the insured, without danger of financial interruption or complication, is of comparatively recent origin, at least in the United States.

The character of the modern approved insurance policy, with its accurate and explicit guarantees of cash surrender values, which may be counted upon as a quick asset with perfect assurance, admirably fits it for this purpose. The annual premiums are usually paid by the firm or corporation to which the policy is made payable, and, after charging them to expense during the earlier years of the policies, they are entered on the books of the beneficiary at a certain fixed valuation, easily ascertainable, as a permanent and absolutely reliable asset.

Reinforces Financial Strength.

If, happily, the insured survives the maturity of the policy, the amount realized becomes a most useful addition to the cash resources of the concern in which he is interested, and he himself may enjoy the satisfaction of directing its investment so as materially to reduce the liabilities, or otherwise reinforce the financial strength of the undertaking.

Should he die before his policies mature, the amount thereof immediately becomes available to his business associates, and, in a measure, compensates them for his withdrawal, and enables them to continue business without difficulty. Presuming, as is most likely, that his estate is interested in the continued integrity of his investments, it is strengthened, benefited and made secure from loss by the wise foresight which provided the protection in advance of its actual need.

Formerly it was not an unusual occurrence for a business suddenly to be thrown into financial difficulties on account of the death of its active and most responsible head. Frequently it happened that the death occurred at a critical time in the business life of the concern, as such things have a perverse way of doing. The strain, at such a time, is always heavy upon the one man who must carry the financial burden, and naturally would have a tendency to weaken him physically, thus bringing about the very event that it was vitally important to avoid. The business might have been a prosperous one, inherently, and if it had been given time to recover from the loss of its directing head, it could have survived and prospered, but, under such circumstances, if often became necessary, in order to satisfy creditors and settle the estate, to proceed to dissolution and, as a result, the business became demoralized and disintegrated to the loss of all concerned.

For Assured's Business Interests.

Business life insurance, by which is meant life insurance for the protection, primarily, of the business interests of the assured, in contradistinction to personal insurance, provides the modern and highly satisfactory method of protection against such contingencies as this, and others no less threatening to the enduring prosperity of the going business, in which one, or perhaps several, men take an active and directing part and are chiefly responsible for the outcome.

The benefits of such insurance are not confined, however, to those resultant from the payment of the policy, either at death or its maturity; other valuable qualities are characteristic of it. The fact that a business concern is protecting itself by this method is, in itself, a very material addition to its financial strength and credit. It argues well for the honor and sagacity of a business undertaking that those chiefly interested in it are having their creditors' welfare in mind by providing life insurance in favor of it; it gives added confidence in their ability to meet all engagements, whatever may happen. It is needless to say that the possession of such insurance lightens the business burdens of the conscientious man who feels that to die and leave his business creditors unsatisfied would disgrace and dishonor his name and humil-

iate his family. He is better and stronger for the knowledge that he has done his utmost to prevent this posthumous calamity, and hence he is physically less apt to yield to death at the time his business needs him most.

Loan Value Available.

Nor do these enumerations exhaust the benefits accruing from sound business life insurance. In the history of almost every successful or enduring enterprise there comes a time when it is inexpedient, or perhaps impossible, to obtain additional money, which may be urgently required to meet an emergency, or tide affairs over a temporary period of reverses or continued dullness. There may be a financial depression during which bankers are reluctant to extend further credit; money may be scarce, and the fact that the business needs and must have it, to be protected from embarrassment or loss of some opportunity clearly seen but not available for lack of ready cash, only serves to lessen the chances of borrowing through the regular channels.

It is then that the business life insurance policy demonstrates its great usefulness, and its beneficiary is glad that during more prosperous years the premiums were paid and scarcely felt at the time. The policy rivals the wonderful lamp of Aladdin, which, being rubbed, brought forth the desired riches. Without any loss of time, its full loan value is available in hard cash; the insuring company will be prompt in giving holder the amount guaranteed by the terms of his policy, taking it as security for the loan, at a low rate of interest.

Acts as a Preserver.

The beneficiary may thus obtain the money needed in the business without applying to his bankers, and with scarcely more trouble than would be required to draw a cheque. It not infrequently happens that, at a critical time in the life of a business institution, the timely accession to its available cash resources of a comparatively small sum will be sufficient to save it from embarrassment, if not actual disaster, and thus the possession of a business policy, available in an emergency, may act as the preserver and perpetuator of an undertaking which has been years in its creating and upbuilding, and which otherwise might have been in serious peril of impairment.

The possibilities and advantages of this form of indemnity open an enormous field for the extension of the life insurance business. From being a matter of personal and family protection, it becomes one of impersonal and more widely diffused interest, in which both the debtor and creditor classes are vitally concerned. Moreover, the amount of the average personal policy, the premiums of which are paid by the individual, is small compared to that required to protect the interests of a business of even moderate dimensions.

Larger policies and, consequently, greater premiums, the difference between a retail and a wholesale life insurance business, ought to have inspired insurance representatives promptly with an ambition to extend this branch of their service to the utmost possible extent. Strange to relate, however, the business man himself, rather than the life insurance agent, was the first to realize the advantages of this modern method of protecting himself and his associates. Indeed, it is only recently that general and concerted action has been taken by insurance companies more effectually to handle this exceptionally important department of their business.

Minneapolis is a Leader.

To-day it is highly probable that the practice of business life insurance is growing faster, proportionately, in the newer centres of business activity than in the older ones. The exigencies of credit, which, it may be assumed, is more firmly established with old and long prosperous business institutions than with newer ones whose requirements are apt to outrun their original capital, are doubtless responsible for this in large measure. The late Mr. Frank H. Peavey, of Minneapolis, set an example in the Northwest by taking a policy, payable to his business, of a million dollars, and his successors followed it by purchasing like insurance to a similar amount.

In this action, Mr. Peavey was in advance of his fellow business men, as well as the life insurance people, although it is recalled that many years ago the late Mr. Edward P. Allis, of Milwaukee, took a policy for half a million dollars payable to the company which he founded. Taught by the lesson of 1907, when this form of insurance demonstrated its value, the men of large affairs, and many of moderate business inter-

Sound Investment Bonds

At the present time the investor should exercise unusual discrimination in making conservative selections. High-grade Government and Municipal Bonds constitute one of the most desirable investments, offering not only absolute security of principal, but also liberal return in the way of income. They may now be secured to yield the purchaser from

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ests, living in Minneapolis, have generally utilized this method of protection. The result is that Minneapolis not only now carries the largest per capita amount of business life insurance, but, as far as reliable data can be obtained, its corporation and co-partnership heads have purchased more of this indemnity than has been sold in any other city of the United States.—The Bellman, Minneapolis.

INVESTMENT OF INSURANCE FUNDS

Government's Experience with the Union Life Induces Changes in the Insurance Act

An interesting discussion regarding the investment of insurance companies' funds took place in the House at Ottawa last week when it went into committee for consideration of the proposed amendments to the insurance act. Section 59 deals with this subject and several notable additions have been made to this section, the government's experience with the Union Life Insurance Company being responsible for some of them. The following is the official report of the discussion:—

Sir Thomas White: There is an important feature introduced into section 59, lines 16 to 20, as follows:—

Debentures secured by rates or taxes levied under the authority of the government of any province of Canada on property situated in any such province and collectable by the municipalities in which such property is situated.

The object of that is to make available, as investments for insurance companies, debentures in the municipally owned telephone systems in Saskatchewan and the West. That matter has been before me for some time, and I promised at the first convenient opportunity to introduce the necessary legislation.

Mr. Pugsley: It seems very reasonable. This section reads, beginning at line 25:

(ii) The debentures or other evidences of indebtedness of any company which has paid regular dividends on its preferred or on its common stock for a term of at least five years

immediately preceding the date of investment in such debentures or other evidences of indebtedness.

Sir Thomas White: That is a change. That also arose out of our experience with the Union Life. That company had at one time among its assets the debentures of its own agent, the National Agency Company. We have made the eligibility of the debenture depend upon the standing of the company, which seems a sensible thing to do.

Mr. Pugsley: It is a question in my mind, whether, with regard to life insurance policies which are held for the benefit of widows and orphans, provision should be made for investing the money in the debentures of any private corporation or whether it should not be limited to government and municipal debentures.

I am inclined to think it should be so limited. The regular payment of dividends for five years upon common or preferred stock is no assurance of the permanent success or prosperity of a private corporation. It is risky to allow the moneys of insurance companies or savings banks to be invested in any other public securities, municipal or government debentures. This is apparently a new provision; I have grave doubts as to its wisdom.

Investment Range Narrowed.

Sir Thomas White: The range of investment is greatly narrowed under this provision; it is a step towards what my hon. friend has in mind. Formerly they could invest in debentures; now we limit their powers of investment in debentures to debentures of the kind here described; that is to say, debentures that are more likely to be permanently good than those authorized under the existing act as investments. I am disposed to agree with my hon. friend; I would narrow very considerably the powers of insurance companies to invest their funds. This, however, is the answer that has always been made to me when I have raised the question or when I have been considering it with the superintendent of insurance. Our companies are in competition with British and foreign companies carrying on business in Canada. My hon. friend knows that the extent of the advantage given under an insurance policy depends upon the rate of interest earned by the company. If we confine our insurance companies to government and municipal securities yielding lower rates of interest than are obtained by other insurance companies upon another range of investment, we put our companies at a disadvantage in the matter of offering attractive policies and obtaining business. By reasons of the war, the yield rate is so high upon the kind of securities that my hon. friend has in mind—government and municipal securities—that there is not the same objection to the course which he has suggested as has obtained in the past. However, I should not be at all surprised if on the next revision of the insurance act, some few years from now, this question should be very carefully considered; it might be practicable to confine insurance companies to a range of investments which would be absolutely safe.

CHARTERED ACCOUNTANTS TO MEET AT BANFF

The chartered accountants of Canada will meet in an annual convention at Banff on August 15th, 16th and 17th. They will be welcomed by His Honor the Lieutenant-Governor of Alberta, and will be the guests of the Alberta institute. The following programme has been arranged:—

August 14th—Informal reception at the Banff Springs Hotel. Registration of members.

August 15th—Meeting of council. Opening session. Address of welcome by His Honor the Lieutenant-Governor of Alberta. President's address. Appointment of committees. Appointment of auditors. Paper on "Merchandise Inventories and the Auditor's Responsibility Therefor," by Mr. John Parton, of the Institute of Chartered Accountants of Manitoba. Discussion. Address on "Canada's Opportunities After the War—a Comparative Study," by President Tory, of the University of Alberta. Dominion Association banquet at Banff Springs Hotel. Guest of honor: Representative of the Institute of Accountants in the United States of America.

August 16th—A day's excursion to some points of interest in Canada's national park.

August 17th—Paper on "Reserves and Sinking Funds," by James B. Sutherland, of the Institute of Chartered Accountants of Alberta. Discussion. Address by F. M. Black, member of the Public Utilities Commission of the province of Alberta. Reports of committees. Luncheon. Reports of constituent societies. General business.

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MARINE INSURANCE AND CANADIAN ACT

It is Not Possible for Any One Country to Control Marine Insurance—Discussion in Commons

The following is an official report of the discussion by the House at Ottawa, in committee last week regarding the proposed insurance act amendment, as it relates to marine insurance:—

Sir Thomas White: The bill with the amendments made by the banking and commerce committee has not been reprinted. The banking and commerce committee made an amendment to subsection 2 of section 3 of the bill, as follows:

(a2) To any contract entered into or any certificate of membership or policy of insurance issued before the twentieth day of July, eighteen hundred and eighty-five by any assessment life insurance company.

This is simply a transfer of an existing section 75 from another part of the act to this section, where it would appear to be more appropriately placed.

Sir Wilfrid Laurier: Section 3 refers to the application of the act, and states the cases to which it shall not apply. For instance:

To any contract of marine or inland marine insurance effected in Canada by any company authorized to carry on within Canada the said business.

What was the reason of this exception? If the act applies to all Canada, why does it not apply to a contract of this kind?

Sir Thomas White: The reason is that it is not possible for any one country to control marine insurance, which may be effected anywhere. That is the explanation given me by the superintendent of insurance. I have not a personal knowledge of it myself, any more than my right honorable friend has, but it seems to me a reasonable explanation.

Subject to Law of Some Country.

Sir Wilfrid Laurier: I would hardly think because a contract of marine insurance is universal, it applies to all countries. Neither this country nor any other country can have any legislative control over it. If you make a contract of insurance in London, or Paris, or any other part of the world, it must be subject to the law of some country.

Sir Thomas White: The superintendent informs me that the risk is upon the high seas and consequently it is not possible, in his opinion, for the government of any country to effectually control marine insurance.

Mr. Pugsley: That would apply to marine insurance on the high seas but the bill also excepts inland marine insurance, which would cover insurance on the great lakes and on rivers and insurance in the different provinces, which would be entirely within the jurisdiction of the parliament of Canada. My honorable friend must get a better reason than that.

Marine Insurance Excepted.

Sir Thomas White: The reason I have given is a very good one. The exception applies to ocean marine insurance as well as inland marine insurance. I was addressing myself first to the question of marine insurance, that is to the question of marine insurance, and the answer which the superintendent of insurance gives seems to me to be a very reasonable one. At all events, I believe his opinion is entitled to weight in the matter. As far as inland marine insurance companies are concerned, I am informed that a change was made in 1910, when Sir Wilfrid Laurier was prime minister. It was made by reason of representations, which would seem to me to be well founded, that it would not be fair to subject the agents of inland marine insurance companies to the provisions of this act in competition as they are for business with companies not subject to the jurisdiction of the Dominion of Canada. I can understand that there is a real difference between marine insurance and other kinds of insurance as far as this parliament is concerned.

Sir Wilfrid Laurier: I am not satisfied with the reason given us why, as a general proposition, we cannot legislate on this question, because of the universal form of the contract, applying as it does to the high seas. I am satisfied that they have a law in Great Britain on the matter. If my memory serves me aright, in my time we had some correspondence with the British authorities on the subject. They claimed that they could legislate on these matters as against the colonies. For the reason that their shipping is much

more important than ours, they claimed jurisdiction. We did not always agree with them but still we did not contest the point. There must be some law somewhere and if they can legislate on the subject, why can we not legislate here?

Sir Thomas White: I think there is no doubt that we can legislate, that we have the power to legislate, but it is not regarded as expedient that we should legislate upon this question because the companies subject to our legislation would be in competition with companies outside and they would not get the insurance business.

Unlicensed Fire Insurance.

Mr. Pugsley: Does not that argument lose force when you come to consider that there is the same competition in regard to fire insurance? One of the greatest competitors of the fire insurance companies established in Canada arises from the operations of the mutual companies of the United States. They insure properties in Canada, and although they have never made a deposit with the government, they do a very large business. It is true that the contract cannot be enforced in Canada. A party sustaining a loss caused by the destruction of, or damage to, his property cannot recover against these mutual companies in Canada but must go to the country in which they are located for the purpose of enforcing his rights. They are very large competitors of the legalized insurance companies having their offices in Canada. The same argument, in so far as fire insurance is concerned, would apply to the case of marine insurance. As my right honorable friend has stated, marine insurance companies are incorporated in Canada. Some companies are incorporated in Canada and other companies are licensed to do business in Canada.

I do not see why the law should not be made to apply to marine insurance companies just as well as to fire and life insurance companies. The minister of finance has stated that some years ago, under certain legislation, marine insurance companies were excepted. I understand the object of the present law is to get over difficulties in regard to insurance which have arisen by reason of the decisions of the judicial committee of the Privy Council. The minister apparently is urging the passage of this bill, which is of enormous importance at the present time, because of an intimation that decisions of the Privy Council have thrown the insurance business into a state of confusion. If they have, it seems to me that their judgment would affect the position of marine insurance companies. If it is desirable to pass a general act which would relieve the insurance companies from the difficulties caused by the decisions of the court, I think it ought to be applied to all insurance companies doing business in Canada as well as to fire and life insurance companies.

Not a Similar Case.

Sir Thomas White: No question has been raised as to this exception which was inserted in the act. The case is not at all on all fours with that of the fire insurance companies which are licensed to do business here, which have to conform to the conditions of this act and which are in competition with the mutuals outside of Canada. There are no marine insurance companies complaining of this legislation. In 1910, I find representations were made by the transportation companies that unless these companies were exempted from the provisions of this insurance act there would be discrimination against the St. Lawrence route and Canadian ports generally in so far as insurance was concerned, which would mean an increase in insurance rates and an increase in freight rates upon the St. Lawrence route. If my honorable friend desires that these inland marine insurance companies should be subjected to the provisions of this act, and if we should meet his request, it would only mean that ocean freight rates to his own port of St. John and on the St. Lawrence route would be injuriously affected. My honorable friend does not want to bring that about. It seems to me that his objection is ill founded.

It is true that we are bringing this measure down by reason of the decision of the judicial committee of the Privy Council. The judicial committee of the Privy Council raised no objection to inland marine insurance companies being exempted from the provisions of this act, nor did they advert to the status of these companies in their decision. By reason of that decision, because it is so far-reaching, it is unfortunately necessary that we should re-enact the entire insurance bill, and that is why we are now considering this section with

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all the other sections, although it was not touched by the decision of the law lords of the Privy Council.

Mr. Nesbitt: I spent a good deal of time in the committee when the insurance act was enacted in 1910, and the reason given by the minister is the reason why we exempted these marine insurance companies. Besides that, there has since been no trouble over it, so far as I know. I do a good deal of marine insurance when I am at home, and I have never experienced any difficulty since that time.

Sir Wilfrid Laurier: By what law is it regulated, the British act?

Mr. Nesbitt: The British act. So far as concerns any companies doing business in Canada that I know of, they are regulated by the British act, and we have not interfered with them. We did not interfere with them then because it was represented to us that this might make a difference to the St. Lawrence route insurance, and also to the inland waters insurance. That is why we exempted this marine insurance at that time, and this bill makes no change from the act of 1910.

The section was agreed to.

PUBLICATIONS RECEIVED

How Far is Public Ownership Wise?—A pamphlet dealing principally with government ownership of railways in unfavorable comparison with those owned and operated by private corporations. Written by Andrew T. Drummond, LL.D., 292 Russell Hill Road, Toronto. Reprinted from Queen's Quarterly.

The English-Speaking Peoples.—The author's treatment of his subject in this new volume is graphic and concise. He impresses the reader with the urgent need, in the interests of future international relationships, for closer intimacy between the English-speaking peoples, conclusively demonstrating that a democratic co-operative alliance is not only essential to their own security, but that in the future peace of the world such an association is the only attainable bulwark of freedom and liberty.

"The English-speaking Peoples." By George Louis Beer. Published by the Macmillan Company of Canada, St. Martin's House, Bond Street, Toronto. Price, \$1.50.

Canadian Railway Problem.—This volume is published at an opportune time. In it, Mr. E. B. Biggar, the author, makes a strong plea for national ownership. "The Railway Inquiry Commissioners," he says, "see an obstacle to state ownership in the 7,000 miles of Canadian railway in United States territory. But in either case lines in the United States must submit to United States sovereignty, as they have done all along; and, moreover, these extra territorial lines are already separated by the articles of incorporation under United States laws.

"The jurisdiction of the United States government over railways now owned by Canadians in that country, or the jurisdiction of the Canadian government over railways in Canada now owned by citizens of the United States, will neither be diminished or increased in the least by state ownership. At any time either country could sell the lines outside of its own boundaries, which lines, in any case, must be subject to the laws of the country on which they are located, for they were all incorporated under local laws. Interchange of traffic in the postal services of the United States and Canada goes on under state ownership without any serious complications; and during peace times there is no interruption of traffic between European nations where state ownership prevails. A moment's reflection on these facts will show that the international danger of state ownership is just a 'loup garou.'"

The volume is well written and reflects the author's thorough knowledge of his subject.

"The Canadian Railway Problem." By E. B. Biggar. Published by the Macmillan Company of Canada, St. Martin's House, Bond Street, Toronto. Price, \$1.25.

Mr. N. E. Nelson, M.E., representing the Granby Mines Company, of Phoenix, B.C., has completed the purchase under the terms of a bond, of the Montgomery group of copper-gold claims on Downie Creek, Big Bend, 40 miles north of Revelstoke, B.C.

FIRE LOSSES ARE HEAVY

In Ontario This Year They Have Been at Rate of \$1,000,000 Monthly

The average fire loss in Ontario for the first six months of this year has been \$1,000,000 a month, according to the report of the fire marshal's department. A total of 4,839 fires was reported. The insurance on these losses amounted to \$4,518,792. In June there were 216 fires caused by lightning, with a loss of \$57,466.

Ontario's Fire Record.

The following are the details for each month:—

	Fires.	Loss.
January	798	\$ 808,419
February	1,020	1,399,139
March	765	1,144,373
April	666	896,461
May	908	1,242,486
June	682	527,436
	4,839	\$5,988,314

Canadian fire losses, as compiled by *The Monetary Times*, for the first seven months of this year, were as follows:—

	1917.
January	\$ 1,918,660
February	2,009,953
March	2,050,650
April	1,317,714
May	1,163,110
June	1,184,627
July	1,101,734
Total	\$10,746,448

Losses in North America.

Losses by fire in the United States and Canada for the first six months of the year, as compiled from the records of the New York Journal of Commerce, reached the unusually high total of \$144,000,000 as compared with \$125,000,000 for the first half of 1916 and \$92,000,000 for the first half of 1915. For the month of June losses were heavy, having amounted to over \$15,500,000, as compared with \$12,200,000 in June, 1916, and \$10,800,000 in June, 1915. The record for the six months for the three years shows:—

	1915.	1916.	1917.
January	\$20,060,000	\$ 21,423,350	\$ 36,431,770
February	13,081,250	24,770,770	29,587,660
March	18,786,400	38,680,250	17,523,000
April	18,180,350	12,681,050	18,597,225
May	11,388,450	15,973,500	24,968,800
June	10,893,950	12,247,500	15,513,270
Total six months	\$92,391,000	\$125,776,420	\$144,621,725

CANADIAN PACIFIC OCEAN SERVICES

The Canadian Pacific Ocean Services, Limited, have taken over the management, operation and control of the Allan Line steamers and the offices of the Allan Line at 14 Cockspur Street, S.W. 1; 103 Leadenhall Street, E.C. 3; 25 Bothwell Street, Glasgow; 88 Commercial Street, Dundee; 50 Foyle Street, Londonderry, etc. The Allan Line office at 19 James Street, Liverpool, has been closed and transferred to the Canadian Pacific Ocean Services, Limited, Royal Liver Building, Liverpool, where all operations of the joint Allan-Canadian Pacific services from that port will henceforth be conducted. The number and combined tonnage of Canadian Pacific and Allan Line vessels on the Atlantic and Pacific for which the Canadian Pacific Ocean Services, Limited, act as managers and agents, is thirty-nine vessels, of approximately 400,000 tons (including seven vessels now building). Passenger and freight services will be maintained between Liverpool, London, Glasgow, Bristol and Havre to Canada and the United States, and between Vancouver and Japan, Manila and China. The Canadian Pacific Railway Company acts as traffic agents for the Canadian Pacific Ocean Services, Limited.

MUNICIPAL BOND MARKET

The Monetary Times' Weekly Register of Municipal Activities and Financing

Trenton, Ont.—An issue of \$9,500 5 per cent. 30-year debentures has been awarded to Macdonald, Bullock and Company.

Brockville, Ont.—An issue of \$28,000 5½ per cent. 5-year patriotic bonds has been entirely purchased by local investors.

Kenyon Township, Ont.—An issue of \$15,000 5½ per cent. 18-year drainage debentures has been awarded to W. L. McKinnon and Company, Toronto.

Peterborough, Ont.—The city trust will buy \$10,000 debentures at par. This is to cover the last expenditure in connection with the purchase of the Peterborough light and power plant.

Montreal, Que.—Messrs. Macneill and Young, Toronto, offered to purchase \$1,000,000 or \$2,000,000 of city of Montreal 5 per cent. two-year notes at 97. The board of control refused the offer.

Chatham, Ont.—The issue of \$60,000 5½ per cent. 20-year school debentures has been awarded to Mulholland, Bird and Graham, Toronto, at 95.26. The remaining bids were as follows:—

Brent, Noxon and Company	95.24
Macdonald, Bullock and Company	95.16
R. C. Matthews and Company	95.10
G. A. Stimson and Company	95.01
Canada Bond Corporation	94.47
A. E. Ames and Company	94.01

Toronto, Ont.—The report of City Treasurer Bradshaw on the first instalment of taxes, 1917, has proved gratifying to those who are watching with interest the improvement in the handling of the city's finances during Mr. Bradshaw's regime. The first collection of the year was satisfactory and gives expectations of an equally good response when the second and third instalments become payable. The gross taxes collectable this year amount to \$16,929,321, payable as follows: First instalment, payable June 29th, \$7,882,078; second instalment, payable August 29th, \$5,656,597; third instalment, payable October 19th, \$3,390,646.

The amount of the above received to date is \$9,323,550, or 55.07 per cent. of the whole. This is \$1,441,472 in excess of the amount represented by the 1st instalment. The total taxes collectable in 1916 amounted to \$14,981,712; the amount thereof paid at the due date of the 1st instalment was \$7,505,848, or 50.10 per cent. of the whole. This year the amount paid exceeded that paid for the corresponding period in 1916 by \$1,817,702, or a percentage increase of 4.97.

Saskatchewan.—The following is a list of bond applications granted by the Local Government Board, from July 16th to 27th, 1917:—

School Districts.—*Border Line, \$2,000 10-years not ex. 8 per cent. annuity. M. Wereley, Divide; *Okno, \$1,400 10-years not ex. 8 per cent. instalment. N. Nidesh, Sheho; Armstrong, \$1,800 10-years not ex. 8 per cent. annuity. E. W. Brown, Rokely; *Estuary, \$15,000 20-years not ex. 8 per cent. annuity. R. H. Street, Estuary; St. Magnus, \$2,500 10-years not ex. 8 per cent. instalment. P. M. Ramsey, Yorkton; Bloomville, \$2,300 10-years not ex. 8 per cent. instalment. A. J. New, Gull Lake; Assiniboia, \$9,000 30-years not ex. 7 per cent. annuity. J. H. Smith, Assiniboia; *Dundurn, \$3,000 20-years not ex. 8 per cent. annuity. E. G. Edwards, Dundurn; *Sprayville, \$2,000 10-years not ex. 8 per cent. instalment. W. E. Greenfield, Springside; White Creek, \$1,600 8-years not ex. 7 per cent. instalment. F. Firestone, Sheho; Winton Hill, \$1,800 10-years not ex. 8 per cent. annuity. S. Stanley, Winton Hill; *Eagle Crest, \$2,000 10-years not ex. 8 per cent. G. F. Bush, Rosetown; *Sunbeam, \$2,000 10-years not ex. 8 per cent. instalment. W. J. Passmore, La Fleche.

Rural Municipalities.—Winslow, \$6,000 10-years 7 per cent. instalment. R. H. Percival, Druid; Dufferin, \$5,000 10-years 7 per cent. instalment. J. H. Peele, Bethune.

*Being sold by the Local Government Board.

Town.—Davidson, \$4,300 10-years 6½ per cent. annuity. A. J. Robertson, Davidson.

Villages.—Eston, \$2,800 7-years 8 per cent. instalment. John Littlejohn, Jr., Eston; Plato, \$2,600 7-years not ex. 8 per cent. instalment. W. J. Pomery, Plato.

The following is a list of bonds reported sold:—

School Districts.—Butterton, \$1,600. Goldman and Company, Regina; Howard, \$1,200. Goldman and Company, Regina; Mabel Hill, \$1,200. C. M. Gripton, St. Catharines, Ont.; Olga, \$500. Town of Francis; Bird's Eye View, \$600. Town of Francis; Quill Lake View, \$1,200. Canada Landed and National Investment Company, Winnipeg; Wymark, \$2,000. Canada Landed and National Investment Company, Winnipeg; Parkside, \$1,200. Canada Landed and National Investment Company, Winnipeg; North Instow, \$1,400. C. M. Gripton, St. Catharines, Ont.; Estuary, \$15,000. Great-West Life Assurance Company, Winnipeg; Curzon, \$2,000. Goldman and Company, Regina; Acreworth, \$1,900. C. M. Gripton, St. Catharines, Ont.; Glasslyn, \$1,500. C. M. Gripton, St. Catharines, Ont.

Rural Telephone Companies.—Prairie Rose, \$9,000. W. L. McKinnon and Company, Regina; Wartime, \$11,000. Wood, Gundy and Company, Saskatoon; North-East Webb, \$3,400. W. L. McKinnon and Company, Regina; Rock Creek, \$2,700. G. T. Brander, Regina; Fielding, \$4,800. Wood, Gundy and Company, Saskatoon; Bromhead South, \$9,600. J. A. Thompson, Winnipeg; Hawoods, \$9,000. Geo. Foley, Saskatoon; Dilke, \$8,400. W. L. McKinnon and Company, Regina; Sceptre, \$22,000. W. L. McKinnon and Company, Regina; Wiseton, \$20,500. W. L. McKinnon and Company, Regina.

Rural Municipality.—Snipe Lake, \$10,000. Goldman and Company, Regina.

Village.—Wakaw, \$2,500. W. L. McKinnon and Company, Regina.

The following is a list of applications granted by the Local Government Board:—

Rural Telephone Companies.—Willows, \$600 15-years not ex. 8 per cent. annuity. W. G. Lowes, Willows; McLaren, \$6,700 15-years not ex. 8 per cent. annuity. F. Corker, Maidstone; Iron Spring, \$1,600 15-years not ex. 8 per cent. annuity. Peter Bohnen, Watson; South Gravelbourg, \$7,300 15-years not ex. 8 per cent. annuity. J. A. Nobert, Gravelbourg; Spring Valley, \$6,300 15-years not ex. 8 per cent. annuity. S. F. Creer, Hanley; Echo, \$900 15-years not ex. 8 per cent. annuity. Paul Mitschke, Langenburg; Lone Corner, \$1,500 15-years not ex. 8 per cent. annuity. C. S. Bultstrode, Qu'Appelle; Clyde, \$2,600 15-years interest at 8 per cent. annuity. J. E. Mackie, Stornoway; Eye Hill, \$38,500 15-years not ex. 8 per cent. annuity. E. J. Beaumont, Evesham; Kronau, \$3,000 15-years not ex. 8 per cent. annuity. Jas. McColl, Kronau; South Antelope, \$18,500 15-years not ex. 8 per cent. annuity. Carlyle McEown, Antelope; Netterville, \$10,500 15-years not ex. 8 per cent. annuity. N. J. Davies, Palmer; Linden Valley, \$9,700 15-years not ex. 8 per cent. annuity. J. W. McLennan, Kamsack; Punnychy Southern, \$7,600 15-years not ex. 8 per cent. annuity. E. J. Medland, Punnychy; South Cupar, \$5,600 15-years not ex. 8 per cent. annuity. A. R. Hastings, Cupar; Dodsland Northern, \$600 15-years interest at 7 per cent. annuity. W. Underhill, Dodsland; Fortune, \$860 15-years not ex. 8 per cent. annuity. A. J. Auld, Fortune; White Shore, \$22,900 15-years not ex. 8 per cent. annuity. E. A. Russell, Landis; Wilkie East, \$12,000 15-years interest at 7 per cent. annuity. W. L. B. Keith, Wilkie; Bredenburg South, \$7,900 15-years not ex. 8 per cent. annuity. Wm. Golland, Bredenburg; South Melfort, \$4,200 15-years interest at 8 per cent. annuity. Walter Armstrong, Melfort; Tirez, \$4,900 15-years not ex. 8 per cent. annuity. P. Brodley, Neudorf; Bright, \$5,700 15-years interest at 8 per cent. annuity. W. P. Hill, Loreburn; Maple Slope, \$15,500 15-years not ex. 8 per cent. annuity. C. A. Mahin, Truax; Cabri South, \$8,100 15-years not ex. 8 per cent. annuity. C. H. Carson, Cabri; Noremac, \$20,200 15-years not ex. 8 per cent. annuity. F. E. Halpenny, Noremac; Mair, \$2,000 13-years not ex. 8 per cent. annuity. J. C. Clark, Mair.

The total business of the Monarch Life Assurance Company, Winnipeg, for the first seven months shows an increase of 60 per cent. over the same period last year.

DIVIDENDS AND NOTICES

The Royal Bank of Canada

DIVIDEND No. 120

NOTICE is hereby given that a DIVIDEND OF THREE PER CENT. (being at the rate of Twelve per cent. per annum) upon the Paid-up Capital Stock of this Bank, has been declared for the Current Quarter, and will be payable at the Bank and its Branches on and after SATURDAY, the FIRST DAY OF SEPTEMBER next, to Shareholders of record of 15th August.

By order of the Board.

C. E. NEILL,
General Manager.

Montreal, P.Q., July 17th, 1917.

UNION BANK OF CANADA

DIVIDEND No. 122.

Notice is hereby given that a Dividend at the rate of eight per cent. per annum, upon the Paid-up Capital Stock of the Union Bank of Canada, has been declared for the current quarter, and that the same will be payable at its Banking House, in the City of Winnipeg, and also at its Branches, on and after Saturday, the 1st day of September, 1917, to Shareholders of record at the close of business on the 16th day of August, 1917.

The Transfer Books will be closed from the 17th to the 31st day of August, 1917, both days inclusive.

By Order of the Board.

H. B. SHAW,
General Manager.

Winnipeg, July 17th, 1917.

BANK OF MONTREAL

Notice is hereby given that a Dividend of Two-and-one-half per cent., upon the paid-up Capital Stock of this Institution, has been declared for the current quarter, payable on and after Saturday, the First Day of September next, to Shareholders of record of 31st July, 1917.

By order of the Board.

FREDERICK WILLIAMS-TAYLOR,
General Manager.

Montreal, 20th July, 1917.

THE CANADIAN BANK OF COMMERCE

DIVIDEND No. 122

Notice is hereby given that a quarterly dividend of 2½ per cent. upon the capital stock of this Bank has been declared for the three months ending the 31st of August next, and that the same will be payable at the Bank and its Branches on and after Saturday, 1st September, 1917, to shareholders of record at the close of business on the 16th day of August, 1917.

By order of the Board.

JOHN AIRD,
General Manager.

Toronto, 28th July, 1917.

ILLINOIS TRACTION COMPANY

NOTICE OF DIVIDEND No. 18.

A Quarterly Dividend at the rate of Three per cent. (3%) per annum on the Common Stock of the Illinois Traction Company has been declared for the Quarter ending July 30th, 1917, payable August 15th, 1917, to Shareholders of record, July 30th, 1917.

By Order of the Board.

GEO. M. MATTIS,
Treasurer.

Champaign, Ill.

CONDENSED ADVERTISEMENTS

"Positions Wanted," 2c. per word; "Positions Vacant," "Agents or Agencies Wanted," 3c. per word; other condensed advertisements, 3c. per word. Minimum charge for any condensed advertisement, 50c. per insertion. All condensed advertisements must conform to usual style. Condensed advertisements, on account of the very low rates charged for them, are payable in advance.

EXPERIENCED FINANCIAL EXECUTIVE desires position with corporation or private concern in any capacity. Best of references. Apply Banker, *Monetary Times*, Toronto.

THE STORY OF A YOUNG FINANCIAL MAN'S SUCCESS.—A financial man, thirty-three years of age, came to our office four years ago to take up a new line of business—a line against which he had been prejudiced, but which he knew carried great rewards for the successful. His average commissions this year will be over \$5,000.00, and he has built up a future income of over \$3,000.00 a year on business already written. We are enlarging our organization to prepare for an enormous expansion of business during the next few years. We have positions for two good men with successful records. This offer will be open during the next week. Only applicants of unquestioned integrity and with the highest references will be considered. W. A. Peace, Manager Toronto Branch, Imperial Life Assurance Company, 20 Victoria Street, Toronto.

TWO ENERGETIC MEN WANTED.—Advertiser desires to get in touch with two energetic, ambitious men, not over forty years of age, possessing good business ability and of unquestionable character, to join him in the active management of a thirty-five years established and very successful Canadian manufacturing concern, in which he is employed in executive position, and from which the two principals are retiring on account of age and health. This firm dominates the Canadian market in its lines, protected by trade-marks and patents, and does an excellent export business. Its books will show it has always made big money, is at present in flourishing condition, has large selling organization, and the contemplated change will be made without disrupting its affairs in any way. A \$25,000 investment is required from both men, but more than the ability to invest this sum is required to entitle them to share this rare opportunity. Full references and investigation will be required and exchanged. Preliminary to interview write in some detail to Box 97, *The Monetary Times*, Toronto.

GOLD EXPORTS FROM CANADA

The arrival of \$6,000,000 from Canada at the Philadelphia Mint on August 3rd was the first import by the United States of the metal announced since July 6th. Imports of gold since the entrance of the United States into the war have totalled \$206,000,000; since the beginning of the calendar year, \$508,000,000, and since the beginning of the war in Europe, \$1,669,000,000.

The Canadian banks are anxious that those who are holding interim certificates for the 1937 Dominion war loan bonds should present them at the banks as soon as possible for the purpose of having them exchanged for definitive bonds.

The customs revenues of Canada for July amounted to \$14,269,643, or \$3,187,749 more than in July, 1916. Receipts during the four months ended July 31st, 1917, aggregated \$60,949,847, as compared with \$46,513,299, an increase of \$14,436,548.

"No more untrue statement could possibly be made," said Sir Thomas White in the House at Ottawa last week in commenting upon a press report that of a loan of \$100,000,000 floated in New York \$20,000,000 was required to pay interest. "The \$20,000,000 which matured to-day in New York is principal, not interest, and the money had been provided and was lying to the credit of the Dominion government in New York before this loan was put out."

Greenshields & Co.

Members Montreal Stock Exchange
Dealers in Canadian Bond Issues

We shall be glad to furnish on request a list of well secured bond and stock investments, yielding from 5% to 7½% for purchase outright or on our periodical payment plan.

17 St. John Street - Montreal
Central Chambers, Ottawa

Keep Informed

Our new Booklet of investment Securities contains, among other valuable information, latest available earnings, financial position, etc., of some of Canada's most prominent industrial enterprises.

A copy will be sent on request.

**ROYAL SECURITIES CORPORATION
LIMITED**

164 St. James Street, MONTREAL

THE ONTARIO LOAN & DEBENTURE CO.

LONDON INCORPORATED 1870 Canada

CAPITAL AND UNDIVIDED PROFITS .. \$3,550,000

5%

SHORT TERM (5 YEARS)
DEBENTURES
YIELD INVESTORS

5%

ASSETS OVER \$8,000,000

JOHN McCLARY, President

A. M. SMART, Manager



The Water Way is the Pleasure Way

Whether you travel for business or pleasure—go by boat. During the hot summer months the refreshing breezes and cool restful nights on the water make travel a pleasure.

Ask for our booklet "Canada Steamship Tours." It will be sent free on request.

Address

CANADA STEAMSHIP LINES LIMITED
46 YONGE STREET - TORONTO, ONT.

Montreal and Toronto Stock Transactions

Stock Prices for Week ended August 8th, 1917, and Sales.

Montreal figures supplied to *The Monetary Times* by Messrs Burnett & Co., St. Sacrament St., Montreal. Toronto quotations "and interest."

Montreal Stocks		Asked	Bid	Sales
Abitibi.....com.		59		25
Ames-Holden.....pref.		16	11	10
Bell Telephone.....com.		140	136½	30
Brompton.....com.		46	46	95
Brazilian.....com.		40½	40	770
Canada Car.....com.		32	31½	525
Canada Cement.....pref.		71	69	75
Canadian Converters.....com.		41½	39	
Canada Cement.....com.		62½	62½	661
Canada Cottons.....pref.			90	
Canadian General Electric.....pref.		77		10
Canadian Locomotive.....com.		103½	103½	110
Canadian Pacific Railway.....pref.		62½	62	1
Canada Steamship Lines.....com.			88½	
Canada Steamship Lines.....pref.		2½	43	633
Canada Steamship Lines (Voting Trust).....com.			79	88
Canada Steamship Lines (Deb. stock).....com.			38	
Civic Investment.....com.		76	75½	533
Cons. Mining and Smelting.....com.		29½	29	2290
Detroit Railway.....com.		111	110½	69/
Dominion Bridge.....com.		147	146	2491
Dominion Canners.....com.				
Dominion Iron.....pref.				
Dominion Steel Corporation.....com.		62	61½	2526
Dominion Textile.....com.		83½	83	37
Gould Manufacturing.....com.			100	
Goodwins.....com.			100	
Illinois Traction.....com.				6
Laurentide Co.....com.		177	175½	987
Lyall Construction Co.....com.		70	67½	
Macdonald.....com.		14½	14½	130
Mackay Co.....com.				16
Maple Leaf.....com.				50
Montreal Cottons.....com.				175
Montreal Tram Debenture.....com.				72½
Nova Scotia Steel.....com.		103½	103	1440
Ogilvie Flour Mills.....com.				16
Ontario Steel.....com.		150	144	
Ottawa Light, Heat and Power.....com.				95
Penmans.....com.		171	76½	175
Price Bros.....com.				10
Riordan Paper.....com.		120	116	155
Quebec Railway, Light, Heat & Power.....com.			90	
Shawinigan Water & Power.....com.		22½	22	370
Sherwin-Williams.....com.		121	120	123
Smart Woods.....com.		99		81
Spanish River.....com.		55	53	185
Steel Co. of Canada.....com.		15	12½	80
Steel Co. of Canada.....pref.		59½	59	4145
Toole.....com.			91	56
Toronto Railway.....com.		76	74	19
Tucketts.....com.		80		
Winnipeg Railway.....com.		42		
Wayagamack.....com.		62	56	
Bank of British North America.....com.				
Bank of Commerce.....com.			185	15
Bank of Montreal.....com.		217	212	1
Bank of Ottawa.....com.		202½		
Bank of Toronto.....com.		190		
Bank d'Hochelega.....com.		142½	140	20
Banque Nationale.....com.		150	148	
Bank of Nova Scotia.....com.		253		
Dominion Bank.....com.				
Merchants Bank.....com.		168		8
Molson Bank.....com.			180	3
Quebec Bank.....com.				
Royal Bank.....com.		31		9
Standard Bank.....com.			212	
Union Bank.....com.		142		
Montreal Bonds				
Asbestos.....com.	Last Sale	72½		
Bell Telephone.....com.		98½		1500
Canada Cement.....com.		96½	97	500
Canadian Cottons.....com.		83		1500
Canadian Converters.....com.		90	87	
Cedars Rapids.....com.		90		
Dominion Canners.....com.		94½		1000
Dominion Coal.....com.		90		1000
Dominion Cotton.....com.		97	88½	7000
Dominion Iron and Steel.....com.		97½		
Dominion Textile.....com.		97		
Dominion Textile.....com.		97		
Dominion Textile.....com.		97		
Dominion Textile.....com.		96½		
Lake of Woods Milling.....com.		103	100½	99½
Laurentide.....com.		101		
Lyall Construction Co.....com.		83½	88½	86
Montreal Light, Heat & Power.....com.		101		
Montreal Tramways.....com.		91½		
National Breweries.....com.		90		
Nova Scotia Steel.....com.		90		
Ogilvie.....com.		10		
Ogilvie.....com.		103		
Ogilvie.....com.		103		
Penmans.....com.		84½	86	
Price Bros.....com.		83		£200


Montreal Bonds (Continued)		Asked	Bid	Sales
Quebec Railway, Light and Power.....com.		67	63	1000
Riordan.....com.		96½		
Steel Co. of Canada.....com.		99½		
First Dominion War Loan.....com.		98½	98	700
Second Dominion War Loan.....com.		98½	96½	49900
Third Dominion War Loan.....com.		95	95½	280300
Winnipeg Street Railway.....com.		95	90	
Wayagamack.....com.		84	84	

Toronto Stocks		Asked	Bid	Sales
Ames-Holden.....pref.				
American Cynamid.....pref.		24	20	
Barcelona.....pref.		57	50	
Bell Telephone.....com.		11½	11	25
Brazilian.....com.		40½	40½	815
Canada Bread.....com.		15		
Canadian Car & Foundry.....pref.		85	80	
Canadian Canners.....pref.		32½	31½	
Canadian General Electric.....pref.		71	69	6
Canada Landed & National Investment.....cum div. pref.		103	102	80
Canadian Locomotive.....pref.		63	61½	25
Canadian Locomotive.....pref.		90	89½	
Canadian Pacific Railway.....com.				20
Canada Permanent.....com.		133	128	
Canadian Salt.....com.		42½	41½	955
Canada Steamship.....pref.		79	78	134
Cement.....com.		61½	60½	45
Cement.....com.			89½	
Cement.....com.			36	
City Dairy.....com.				
Colonial Loan.....com.				
Confederation Life.....com.		375		
Coniagas.....com.		380	350	
Consumers Gas.....com.			149	24
Crown Reserve.....com.				
Crow's Nest Pass.....com.				
Detroit.....com.		111	110	
Dome.....com.		999	975	100
Dominion Canners.....com.		5	21	
Dominion Iron.....pref.				25
Dominion Steel Company.....pref.		61½	60½	405
Duluth Sup.....com.		43	41	25
F. N. Burt.....com.		76	73	25
F. N. Burt.....pref.		90	88	25
Hamilton Provident.....com.				5
Huron & Erie.....com.				
Huron & Erie (20% paid).....com.				
Lake of the Woods.....com.		2		
Landed B. & L.....com.				
Mackay Companies.....com.		81½	80½	137
Mackay Companies.....com.		65	64	66
Maple Leaf Milling.....pref.		103	98	259
Maple Leaf Milling.....pref.		94½	93½	2
Mexican Light & Power.....com.				
Monarch.....com.		38	35	
Nat. S. Car.....com.		9½		
Nat. S. Car.....pref.		29	27½	
Nipissing.....com.		760	715	
Nova Scotia Steel.....com.		9½		185
Pacific Burt.....rights				
Pacific Burt.....com.		36	34	
Pacific Burt.....pref.		81	80½	
Petroleum.....com.		1375	1388	690
Provincial Paper.....com.				5
Quebec Light & Power.....com.		22	21	
Riordan.....com.		119	115	
Rogers.....com.			40	
Rogers.....pref.		90		20
Russell Motor.....com.		82	78	
Russell Motor.....pref.			111	
Sawyer-Massey.....com.			10	
Shredded Wheat.....com.				
Spanish River.....com.		14	12½	
Cons. Smelters.....com.		29	28	190
Standard Chemical.....com.				
Steel Company of Canada.....pref.		56	55½	25
Steel Company of Canada.....com.		58	57½	910
Steel Company of Canada.....pref.		91½	91	70
Toronto General Trust.....com.				
Toronto Mortgage.....com.				
Toronto Paper.....com.		80	75	
Toronto Railway.....com.		75	74	6
Tucketts.....com.				
Tucketts.....pref.		13		
Winnipeg Electric.....com.		50	37	
Twin City.....com.		85½	85	55
Bank of Commerce.....com.		186	185	25
Bank of Ottawa.....com.		202		59
Bank of Hamilton.....com.			190	
Bank of Montreal.....com.				
Bank of Nova Scotia.....com.				
Bank of Toronto.....com.				
Dominion Bank.....com.		208	207	
Imperial Bank.....com.			191	
Merchants Bank.....com.		2		
Molson Bank.....com.		182		
Royal Bank.....com.		212	210	
Standard Bank.....com.			202½	23
Union Bank.....com.		142	141	

Toronto Bonds		Last Sale	Asked	Bid	Sales
Canada Bread.....com.		92½			
Canada Locomotive.....com.		95			
Penmans.....com.		80		86½	
Riordan.....com.					
Sao Paulo, 1929.....com.		84		80	
Steel Company of Canada.....com.		96½	95½		
First War Loan.....com.		98	97½	97½	2000
Second War Loan.....com.		98½		96	5000
Third War Loan.....com.			95½	95½	9500
Third War Loan.....com.					108800

The Standard Life Assurance Co. of Edinburgh
 Established 1825. Head Office for Canada: MONTREAL, Que.
 Invested Funds.....\$ 66,500,000 Investments under Canadian Branch, over...\$ 16,000,000
 Deposited with Canadian Government and Government Trustees, over..... 7,000,000 Revenue, over..... 7,900,000
 Bonus declared..... 40,850,000
 Claims paid..... 151,000,000
 D. M. McGOUN, Mgr. F. W. DORAN, Chief Agent, Ont.

SAFETY FIRST
 Governs in investments of the
London Life Insurance Co.
 LONDON Canada
 POLICIES "GOOD AS GOLD." 3



L'UNION
 Fire Insurance Company, Limited, of PARIS, FRANCE
 Capital fully subscribed, 25% paid up\$ 2,000,000.00
 Fire Reserve Funds 5,539,000.00
 Available Balance from Profit and Loss Account 111,521.46
 Total Losses paid to 31st December, 1916..... 100,942,000.00
 Net premium income in 1916 5,630,376.43
 Canadian Branch, 17 St. John Street, Montreal; Manager for Canada,
 MAURICE FERRAND. Toronto Office, 18 Wellington St. East
 J. H. EWART, Chief Agent.

A PROVINCIAL MANAGER WANTED
 FOR THE
PROVINCE OF QUEBEC
 By The Continental Life Insurance Company of Toronto, Ont., with established business and well-equipped, up-to-date office in Montreal. State particulars. All correspondence strictly confidential. Address H. A. KENTY, Superintendent of Agencies, Continental Life Insurance Co., Toronto.

First British Insurance Company established in Canada, A.D. 1804
Phoenix Assurance Company, Limited
FIRE of London, England **LIFE**
 Founded 1792
 Total resources over.....\$ 90,000,000
 Fire losses paid 425,000,000
 Deposit with Federal Government and Investment in Canada for security of Canadian policy holders only exceed..... 2,500,000
 Agents wanted in both branches. Apply to
 R. MACD. PATERSON, } Managers
 J. B. PATERSON, }
 100 St. Francois Xavier Street, Montreal, Que.
 All with profit policies affected prior to the 31st December will rank for a full year's reversionary bonus at that date.

INVESTIGATE
 the proposition which
The British Columbia Life Assurance Company
 VANCOUVER, B.C.
OFFERS TO SALESMEN

AGENTS' ATTENTION
The Western Life Assurance Company
 have made the following increases for the quarter ending March 31st, over the corresponding period of last year :
 NEW BUSINESS..... 280%
 CASH RECEIPTS 140%
 — and —
 INVESTED ASSETS have increased during the quarter by 83%
 Work for a PROGRESSIVE COMPANY. We want two more District Agents for the West. If you are an up-to-date Agent, write at once to the Head Office of the Company,
WINNIPEG **MANITOBA**

British Colonial
FIRE INSURANCE COMPANY
2 PLACE D'ARMES, MONTREAL
 Authorized Capital - \$2,000,000
 Subscribed Capital - \$1,000,000
Agents Wanted in Unrepresented Districts

A Newspaper Devoted to Municipal Bonds
 THERE is published in New York City a daily and weekly newspaper which has for over twenty-five years been devoted to municipal bonds. Bankers, bond dealers, investors and public officials consider it an authority in its field. Municipalities consider it the logical medium in which to announce bond offerings.
THE BOND BUYER
 25 West Broadway New York, N.Y.

Agents Wanted
 APPLY FOR PARTICULARS.
Gresham Life Assurance Society
 LIMITED
 HEAD OFFICE FOR CANADA
Gresham Building ... **Montreal**
 ESTD. 1848. ASSETS \$53,000,000

TRADE OF CANADA BY COUNTRIES

(Figures of the Department of Trade and Commerce, Ottawa.)

COUNTRIES.	MONTH OF MARCH				TWELVE MONTHS ENDING MARCH			
	1916		1917		1916		1917	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
<i>British Empire.</i>								
United Kingdom	9,450,390	59,147,003	10,275,217	78,579,602	80,075,116	463,081,241	121,737,811	756,071,077
Australia	89,202	974,725	117,404	644,195	3,423,025	7,773,209	762,113	6,376,725
Bermuda	1,965	46,055	155	76,107	29,416	448,481	12,770	602,503
<i>British Africa:—</i>								
East	8,203	8,203	8,660	8,660	3,252	76,681	68	25,759
South	447	475,890	49,920	626,232	175,879	5,509,081	221,476	4,452,939
West	3,145	3,145	4,412	4,412	50	128,558		268,728
<i>British East Indies.</i>								
Guiana	602,051	271,616	669,606	324,084	6,780,461	1,242,265	6,899,783	1,459,573
Honduras	76,486	146,404	952,202	194,369	5,636,630	1,211,904	7,132,893	1,639,470
West Indies	52,126	1,526	99,796	650	478,604	3,487	1,065,953	2,778
Fiji	725,612	566,863	1,177,914	620,796	6,258,757	4,134,901	14,239,595	5,179,083
Gibraltar	5,000	18,549	293,405	4,613	1,262,718	197,078	831,890	156,194
Hong Kong	9,534	9,534				1,437,634		2,808,554
Malta	257,583	240,710	345,904	143,759	1,247,529	817,673	1,398,984	605,068
Newfoundland	95	124	3		480	35,140	988	12,280
New Zealand	24,471	387,665	42,725	374,836	1,577,760	5,071,038	2,147,808	6,871,100
Other British Empire	366,995	270,263	97,546	295,954	4,283,651	3,361,999	2,242,515	3,323,910
Totals, British Empire	11,652,923	62,568,325	14,121,801	81,898,474	111,236,766	494,534,197	158,764,710	790,084,812
<i>Foreign Countries.</i>								
Argentine Republic	129,499	89,633	560,634	140,925	3,971,271	2,398,655	2,702,071	1,674,660
Austria-Hungary	233		730		3,156		1,390	
Azores and Madeira Is.	4,043		236		4,903		20,462	
Belgium	70,021	126,282	94,560	271,875	59,315	334,762	14,896	33,441
Brazil	36,245	10,449	9,378	7,570	883,832	1,112,105	1,062,485	1,062,545
Central American States	84,617	38,513	86,547	46,864	133,206	61,396	351,350	79,629
China	29,010	19,215	12	11,996	918,510	536,482	1,128,342	418,399
Colombia	10,185	981	19,132	12,625	169,284	88,634	198,357	508,177
Cuba	49,589	232,118	87,674	349,125	1,431,290	1,431,290	610,807	66,836
Denmark	2,298	19,646	3,111	18,962	137,470	32,259	184,957	3,014,322
Dan. W. Indies	1,389	1,389	84	5,185	45,849	112,988	30,460	112,265
Dutch E. Indies	1,574	52,363	13,439	50,256	58,351	7,539	107	24,910
Dutch Guiana	36,562	6,866		15,176	169,189	272,710	620,188	332,788
Ecuador	620	738	2,414	5,878	372,248	49,875	4,549	71,612
Egypt	68	2,451	275	32,372	1,225	19,395	4,532	12,241
France	469,394	3,459,465	499,434	9,306,916	6,512	39,839	11,341	160,295
French Africa	85	11,743		3,720	5,949,111	36,085,813	6,481,098	66,652,910
French West Indies		24,645		7,647	474	12,540	140	8,744
Germany	2,566		823		86,304		14,132	187,093
Greece	12,464		560	6,740	338,836	222,330	160,472	19,309
Hawaii	4,236	9,516	4,489	27,143	22,497	39,539	55,697	254,065
Hayti		663		255		2,119		6,365
Italy	81,988	860,664	101,032	175,609	920,271	10,733,288	1,227,007	11,468,599
Japan	523,392	255,957	678,251	177,407	4,015,125	998,240	8,122,735	1,282,115
Korea					45	605		106,850
Mexico	53,395	675	147,624	37,057	623,281	87,163	677,551	80,390
Miquelon and St. Pierre	604	13,626	274	24,628	4,932	171,570	5,362	209,784
Netherlands	107,784	36,542	62,372	27,176	1,057,733	2,563,626	1,234,993	1,569,314
Norway	18,540	124,303	17,176	55,955	279,091	458,542	325,230	1,661,153
Panama		18,208		14,763		153,556		271,022
Peru	149,691		86,597	3,742	1,162,403	47,262	1,653,290	246,863
Philippine Islands	167		223	4,378	12,359	7,323	40,324	12,808
Porto Rico		146,078		103,459		702,716	5,388	720,494
Portugal	17,046	3,500	30,189	6,788	207,684	56,726	260,094	209,689
Portugese Africa		2,048				58,768		15,593
Roumania								
Russia	222	564,295	330	766,375	123,904	6,737,152	24,140	4,185,822
San Domingo	511,986	1,981	530,311	4,048	4,020,491	12,919	3,888,807	39,827
Siam	33		9,603	1,430	30,651	22,486	17,764	22,151
Spain	54,531	17,294	85,760	12,802	617,025	634,998	909,546	331,179
Sweden	12,855	8,638	2,779	738	161,378	53,440	99,838	18,215
Switzerland	319,069	2,874	400,764	2,014	3,525,117	979,103	4,499,321	673,390
Turkey	227				42,248		243	
United States	48,107,109	20,971,027	86,259,038	32,727,467	398,695,013	320,225,080	677,631,018	488,870,690
Alaska	516	43,947	2,120	50,275	28,413	365,066	19,572	573,233
Uruguay		149	24,242	8,316	280,437	33,101	146,619	68,549
Venezuela	6,261	25,438	20,246	28,078	115,358	98,687	157,084	238,965
Other foreign countries		277	4,572	18,891	12,043	105,008	42,957	126,313
Totals, foreign countries	50,913,065	27,204,097	89,847,035	44,855,464	430,806,797	388,318,305	714,647,313	585,673,336
Grand Totals	62,565,988	89,772,422	103,968,836	126,753,938	542,043,563	882,852,502	873,412,023	1,375,758,148
	\$152,335,410		\$230,722,774		\$1,424,916,065		\$2,249,170,171	

PRELIMINARY STATEMENT OF THE TRADE OF CANADA FOR JUNE

	Month of June			Twelve Months ending June		
	1915	1916	1917	1915	1916	1917
<i>IMPORTS FOR CONSUMPTION.</i>						
Outiable Goods	20,638,409	36,765,226	51,761,825	256,736,257	337,761,864	509,201,674
Free Goods	14,686,330	29,634,612	45,753,242	168,976,856	258,159,790	441,803,304
Total imports (mdse.)	35,324,739	66,399,838	97,515,067	425,713,113	595,921,654	951,004,978
*Coin and bullion	459,537	388,438	776,554	132,602,879	34,058,009	28,997,629
Total imports	35,784,276	66,788,276	98,291,621	558,315,992	629,979,663	980,002,607
Duty Collected	7,409,238	12,105,268	15,329,381	78,345,187	118,266,846	158,918,514
<i>EXPORTS.</i>						
<i>Canadian Produce—</i>						
The mine	4,649,014	7,755,875	4,961,037	53,526,602	71,834,835	83,044,861
The fisheries	1,122,570	1,267,883	1,185,376	19,624,268	23,248,778	24,252,339
The forest	4,904,152	5,846,672	5,451,576	43,288,935	53,259,354	56,518,595
Animal produce	7,808,946	8,473,780	7,331,668	79,107,718	108,147,106	132,145,130
Agricultural produce	14,269,748	38,744,527	57,869,423	141,611,903	323,510,530	407,035,054
Manufactures	9,757,146	32,252,447	39,021,170	108,817,957	284,495,047	528,670,115
Miscellaneous	294,270	1,294,678	465,591	1,260,768	8,917,802	4,817,165
Total Canadian produce	42,805,846	95,635,862	116,285,841	447,238,151	873,413,452	1,236,483,259
Foreign produce	4,552,656	54,347,307	3,725,324	54,442,421	96,101,389	32,115,204
Total exports (mdse)	47,358,502	149,983,169	120,011,165	501,680,572	969,514,841	1,268,598,463
*Coin and bullion	44,259,738	27,182,099	207,274	77,715,149	80,287,037	107,376,543
Total exports	91,618,240	177,165,268	120,218,439	579,395,721	1,049,801,878	1,375,975,006
<i>AGGREGATE TRADE.</i>						
Merchandise	82,683,241	216,383,007	217,526,232	927,393,685	1,565,436,495	2,219,603,441
Coin and bullion	44,719,275	27,570,537	983,828	210,318,028	114,345,046	136,374,172
Total trade	127,402,516	243,953,544	218,510,060	1,137,711,713	1,679,781,541	2,355,977,613

*NOTE.—It will be noted that the figures relating to the imports and exports of coin and bullion for the twelve months ending June, 1917, were: imports 1915, \$132,602,879; 1916, \$34,058,009; 1917, \$28,997,629; and exports 1915, \$77,715,149; 1916, \$80,287,037; 1917, \$107,376,543. Although it has been customary to include these figures in trade returns, the total trade figures are seriously disturbed by them in this instance and they should not be taken as an indication of the trade of Canada.

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 capacity.

BUSINESS AND SENTIMENT

PERHAPS in no other purchase which a man can make are business and sentiment combined so essentially as in the taking out of a life insurance policy. There are instances—and in growing number—where insurance is taken out for strictly business reasons. There are others—and these are greatly in the majority—where sentiment is the compelling motive. But more and more it is coming to be recognized that these too are "good business" for the insured himself as well as exceedingly necessary from the viewpoint of his dependents.

The business instincts that prompted a multi-millionaire like J. P. Morgan to secure for his estate \$2,500,000 of ready funds, or which led a Winnipeg railroad contractor the other day to take out a \$250,000 policy, are no different in kind from those which should prompt, say, the Western farmer to make sure of a substantial nest egg in cash for those who must carry on his business in the event of death.

From "Canadian Finance."

The Canada Life issued a policy to J. Pierpont Morgan for \$200,000.

The other policy mentioned (\$250,000) was also issued by The Canada Life.

CANADA LIFE ASSURANCE CO.
 Head Office, Toronto
 Established 1847

New Records

Results secured during the past year re-affirm the position of the Sun Life of Canada as the leading life assurance organization of the Dominion.

It leads all Canadian Companies in annual New Business, Total Business in Force, Assets, Surplus Earnings, Net Surplus, Premium Income, Total Income and Payments to Policyholders.

Fair-dealing and progressive business methods are the foundations for the Company's phenomenal growth.

SUN LIFE ASSURANCE COMPANY OF CANADA
 HEAD OFFICE—MONTREAL

ALWAYS A PLACE FOR DEPENDABLE AGENTS

Those who can not only write applications but deliver policies, and are energetic in their methods. Good positions are ready for such men.

Union Mutual Life Insurance Co.
 Portland, Maine

ARTHUR L. BATES, PRESIDENT. HENRI E. MORIN, SUPERVISOR
 For Agencies in the Western Division, Province of Quebec and Eastern Ontario, apply to WALTER I. JOSEPH, Manager, 502 McGill Building, Montreal.
 For Agencies in Western Ontario, apply to E. J. ATKINSON, Manager, 107 Manning Chambers, 72 Queen St. West, Toronto

J. A. THOMPSON
 Government and Municipal Securities

Western Municipal, School and Saskatchewan Rural Telephone Co. debentures specialized in.
 CORRESPONDENCE INVITED
 Union Bank Building - WINNIPEG

BRITISH AMERICA ASSURANCE COMPANY
 FIRE, HAIL, OCEAN MARINE and INLAND MARINE INSURANCE
 INCORPORATED 1833

HEAD OFFICES: TORONTO
 W. R. BROCK, President. W. B. MEIKLE, Vice-Pres. and Gen. Mgr.
 JOHN SIME, Asst. Gen. Mgr. E. F. GARROW, Secretary.
 Assets, Over \$2,500,000.00
 Losses paid since organization over \$41,000,000.00.

(FIRE)
BRITISH CROWN ASSURANCE Corporation, Limited OF GLASGOW, SCOTLAND

The Right Hon. J. Parker Smith, Pres. D. W. MacLennan, Gen. Mgr.
 Head Office Canadian Branch—TRADERS BANK BLDG., TORONTO
 Liberal Contracts to Agents in Unrepresented Districts

CALEDONIAN INSURANCE COMPANY

The Oldest Scottish Fire Office
 Head Office for Canada MONTREAL
 J. G. BORTHWICK, Manager
MUNTZ & BEATTY, Resident Agents
 Temple Bldg., Bay St., TORONTO Telephone Main 66 & 67

Orders for the new issue of H. M. P. Eckardt's
Manual of Canadian Banking

are now being received - \$2.50
 Postpaid anywhere
 The Monetary Times Printing Company, Toronto, Ont.

The Northern Assurance Company, Ltd. of London, Eng.

ACCUMULATED FUNDS, 1916\$39,935,000.00
 Including Paid up Capital Amount, \$1,460,000.00
 Head Office for Canada, 88 Notre Dame Street West, Montreal
 G. E. MOBERLY, Manager

PERSONAL NOTES

MR. W. B. FAIRLEY, for some years associated with the Monarch Life Assurance Company in Fort William and later in Winnipeg, has been appointed branch manager at Hamilton.

MR. F. T. STANFORD has been placed in charge of the new sales department of the Canada Life Insurance Company. This department will include editorial, publicity, advertising departments, multigraph and other work of this nature now being performed at the head office. Mr. Stanford is especially well qualified for this position.

MR. J. E. MCALLISTER, one of the best known and most capable of Canada's consulting engineers, has been appointed vice-president and general manager of the National Steel Car Company, Hamilton, Ont. Mr. McAllister was born and brought up in Toronto. He is a graduate (1895) of Toronto University, with degrees of Bachelor of Applied Science (B.A.Sc.) and Civil Engineer (C.E.) He is also a post graduate of the Michigan College of Mines. The first years after leaving college were spent at structural steel work as draftsman an engineer with the Dominion Bridge Company, Montreal, and subsequently in the United States. Mr. McAllister has held many important positions and his experience and ability will be of great value to the National Steel Car Company. Among these positions are the following: Superintendent of reduction works with the Tennessee Copper Company; general manager of the British Columbia Copper Company; consulting engineer to Doctor F. S. Pearson; and consulting engineer to the British-America Nickel Corporation. Sir John Gibson, who is president of the National Steel Car Company, and is quite hopeful of its successful future, in telling *The Monetary Times* of the new appointment, said: "Mr. McAllister is a consulting engineer and is a very able man." The company's new vice-president and general manager carries to his new position the best wishes of a large number of financial and engineering friends both in Canada and in the United States.

COPIES OF THE MONETARY TIMES WANTED

A few copies of *The Monetary Times* of July 20th are wanted. Readers sending their copy for that date to the head office, 62 Church Street, Toronto, will be granted one month's extension of subscription, free of cost.

TWO WELL-KNOWN TORONTO FIRMS MERGE

Messrs. Rolph and Clark, Limited, and Messrs. Stone, Limited, lithographers and printers, have amalgamated. The two firms will in future be known as Rolph, Clark, Stone, Limited. The new company has an authorized capital of \$3,000,000. The officers of the company are as follows: Honorary president, Mr. Frank Rolph; president, Mr. William Stone; vice-president, Mr. T. J. Clark; second vice-president and managing director, Mr. Frank A. Rolph; general manager and secretary, Mr. F. W. Stone. In a statement to *The Monetary Times* Mr. Rolph said that the amalgamation had been effected for purposes of economy and for efficient operation. The stock is not being offered to the public, but will still be held by interests of the two concerns which have merged.

HAMILTON BOND ISSUE SOLD

The Hamilton, Ont., board of control accepted yesterday an offer for \$723,300 5 per cent. 10 and 20-year bonds as follows:— Ten-year bonds—Military building, \$33,230; Red Cross, \$45,540; municipal purposes, \$79,100; Canadian Patriotic Fund, \$97,570; total, \$255,440. Twenty-year bonds—Technical School site, \$83,000; public school, \$62,000; hydro-electric, \$180,000; Hamilton Health Association, \$50,000; public school, \$30,000; waterworks, \$22,860; public school, \$40,000; total \$467,860. In a statement to *The Monetary Times* this morning, Mayor Booker said: "We are more than satisfied with the price received for these bonds through competitive offers. In view of the prevailing market conditions, we believe that we have done very well. Borrowers cannot tell from one hour to another what price they may expect for their bonds." The sale of this issue will probably be confirmed at the city council meeting on Tuesday. In view of this fact, *The Monetary Times* is not at liberty at present to publish the price which the city received for the bonds.

MONEY MARKETS

Messrs. Glazebrook and Cronyn, Toronto, exchange and bond brokers, report exchange rates to *The Monetary Times* as follows:—

	Buyers.	Sellers.	Counter.
N.Y. funds	5-32 pm	7-32 pm	¼ to ¾
Mont. funds	par	par	¾ to 1¼
Sterling—			
Demand	\$4.77.30	\$4.76.50	\$4.78½
Cable transfers	\$4.77.20	\$4.77.40	\$4.79½
Rate in New York for sterling demand,	\$4.75.55.		
Bank of England rate, 5 per cent.			

UNLISTED SECURITIES

Quotations furnished to The Monetary Times by A. J. Pattison Jr., & Co., Toronto. (Week ended August 8th, 1917.)

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Amer. Sales Book...pref	90	94	Chapman Ball Bearings.	34	...	Home Bank.....	64	67	Ont. Pulp Bonds.....	81	...
Alberta Pac. Grain...pref	90	96	Continental Life.....	21	25	Imper. Steel & Wire.pref.	2	5	Penn. Water Power com.	74	85
Arena (Toron.) bonds...	90	92	Cockshutt Plow Co.pref.	70	...	com.	1.50	...	South Can. Power, ...6's	...	80
Belding Paul...com.	10	14	Collingw'd Ship Bdg...6's	90	96	Imperial Oil.....	380	405	Steel & Radiation...com.	...	94
Brantford Roofing.....	95	100	com.	...	74	London Loan & Savings.	96	112	Standard Reliance Loan	94	30
Canada Paper.....pref.	85	94	Dominion Mfg.....pref.	72	...	Lambton Golf Club.....	325	400	Steel & Radiation..bonds	...	100
Canada Machinery 6's...	76	81 50	Dominion Linseed Oil...	72	...	M'Donald.....pref.	81	83	Sterling Bank.....	89.50	62
pref.	43	45.50	D. Power & Trans...pref.	94	98.50	Monarch Life Insurance	15	22	Sovereign Life.....	15	25
Canadian Mortgage.....	85	93	com.	...	57	Mutual Steamships, 6's.	95	...	Trust & Guarantee.....	84	25
Canadian Oil.....pref.	90	100	Dom. Permanent Loan...	67	72	Mexican Mahogany.com.	11	...	Univ. Steel & Tool...com.	...	89
Can. Timber & Land.....	...	95	Dominion Glass...com.	21	25	com.	56	...	Wm. Neilson, Ltd...com.	52	26
Can. Nor. Conv. 5% db.st.	...	65	Dom. Steel, 6%...pref.	...	84	Montreal Loan & Mort.	155	...	Western Assurance.....	...	26
Copeland-Chatt'rs'n.pref	...	95	Dom. Sugar.....com.	85	...	Murray-Kay.....pref.	24	...	Western Can. Flour.com.	105	7
Chic. N.S. & N. Ry. 1st pf.	...	50	Dunlop Tire.....pref.	92.50	95.50	National Telephone, 5's.	...	89	...	...	...
Crown Trust (Montreal).	91	100	Eastern Car.....pref.	...	63	National Drug, pref., 7%	90	...	...	...	...
Carter Crume.....pref.	64	72	Goody'r Tire & Rub.com.	185	200	Otis-Fenson Elev...pref.	90	96	...	...	...

Statistics relating to Dominion Savings Banks, Post Office Savings Banks, National Debt, Building Permits Compared, Index Numbers of Commodities, Trade of Canada by Countries, and Preliminary Monthly Statement of Canada's Trade appear once a month as issued by the various Government departments.

GOVERNMENT FINANCE

PUBLIC DEBT		ASSETS—		REVENUE AND EXPENDITURE ON ACCOUNT OF CONSOLIDATED FD.		EXPENDITURE ON CAPITAL ACCOUNT, ETC.	
1917		1917		1917		Total 30th June, 1917	
	\$ cts.		\$ cts.		\$ cts.		Total 30th June, 1917
LIABILITIES—		Investments—Sinking Fds.	14,035,525 12	REVENUE—		War.....	\$ cts.
Payable in Canada.....	465,314,123 91	Other Investments.....	139,725,845 73	Customs.....	43,969,438 97	Public Works, Railways and Canals.....	20,650,487 33
Payable in London.....	362,763,312 40	Province Accounts.....	2,296,327 90	Excise.....	5,686,302 81	Railway Subsidies.....	2,078,804 05
Payable in New York.....	75,357,000 00	Miscel and Bkg. Accounts	482,638,614 37	Post Office.....	4,750,000 00		
Temporary Loans.....	5,755,554 26	Total Assets.....	638,726,313 12	Pbc. Works, R'lways & Canals	5,788,880 25		
Bank Circul'n Redemp. Fd.	172,872,336 29			Miscellaneous.....	3,127,967 56		
Dominion Notes.....	54,273,081 56	Total Net Debt 30th June..	840,973,167 66	Total.....	63,322,589 59	Total.....	22,729,291 41
Savings Banks.....	10,159,437 27	Total Net Debt 31st May	828,793,769 76	EXPENDITURE	10,335,961 59		
Trust Funds.....	11,920,481 20	Increase of Debt.....	12,179,897 90				
Province Accounts.....	36,476,679 21						
Miscel. and Bkg. Accounts.	14,969,480 78						
Debt	14,969,480 78						

BRITISH EMPIRE TRUST

Payment of Substantial Dividends Resumed

The sixteenth ordinary general meeting of the British Empire Trust Company, Ltd., was held on Tuesday, July 17th, at Liverpool-street Hotel, London, England, Mr. J. Davidson (managing director) presiding.

The secretary (Mr. R. W. Bartlett, A.C.A.) read the notice convening the meeting and the auditors' report.

The Chairman stated that owing to ill-health Mr. R. M. Horne-Payne, the Chairman of the company, was unable to be present, but he had prepared a very interesting statement, which Mr. T. Blundell Brown would read to the shareholders.

Mr. Horne-Payne's address was as follows:—"Gentlemen,—We are thankful to find ourselves able at to-day's meeting to recommend you to the resumption of the payment of substantial dividends on the Preferred and Deferred shares. The inconvenience and even hardship which the suspension of dividends has caused to many people has been a matter of deep concern to us, and we hope that it is a state of affairs that may never recur, although while the war lasts it would be rash to make any forecast of such matters. It is especially satisfactory that we are able to pay these dividends with the knowledge that, after valuing our investments at the lowest figure of the prices quoted for them on the Stock Exchange, there is more than 20s in the till in respect of every £1 of the company's issued capital. I may point out that the interest income for the year is almost equal to the amount which will be paid out in dividends. In principle the directors' proposal is to distribute dividends approximately equal to the interest income; to offset expenses against the fees received as trustees, registrars and secretaries; and to carry forward to next year approximately the amount released from special reserve by the improved position of our investments. We have, owing to the war, no profits to report this year from issuing or underwriting commissions, as, with the single exception of subscribing for a substantial block of War Loan, we have not embarked on new business except such ordinary business as is regularly transacted from day to day, and the efforts of your directors have been concentrated on protecting you from loss rather than on seeking to secure profits for you. I am glad to be able again to point out that the company's ordinary business revenue is well maintained, and I think I may claim that the company's affairs are in a very satisfactory position. This is mainly attributable to two factors—namely, to the policy adopted in the past two years of providing in the accounts for the full nominal loss from depreciation in the value of our investments, and to the devoted and able work of your managing director, who, well seconded by the assistant manager now serving with the Colours, the secretary and the few members of the staff left to us, have not spared themselves in their efforts to carry on the company's business, and I do not think any of you could believe how continuous, arduous and responsible the work of the company, and especially that arising from trusteeships, is."

CANADA AND BRITISH CAPITAL.

"As you know, our business interests and investments are largely in Canada. There, as in every other country, the war has produced many changes in conditions. The flow of capital from Great Britain to Canada which has been going on steadily for years and could be relied upon with certainty, was at the outbreak of war suddenly and completely cut off, causing embarrassment to many important enterprises which were in the midst of extensive programmes of development and had expended large sums of capital on works which could only become fully remunerative on completion, and for the completion of which further capital was required. Difficulties were increased by the fact that all over the Dominion men responded to the call to arms in such large numbers as to cause in some centres in the West a serious depletion of population, which disorganized trade and business, and incidentally led to a great demand for labour and extremely high wages. These conditions continue at the present time, and to one or other of them is attributable the difficult position which confronts several of the great railway and public utility enterprises. Capital cannot easily be raised, and the rates charged, being fixed by law or agreements, cannot immediately be readjusted to correspond with the increased cost of labour and materials, and in some cases cannot be adjusted at all. On the other hand, Western Canada has benefited greatly from the increased demand and higher prices for foodstuffs and Eastern Canada from the enormous orders for munitions and war supplies of every description, which with her vast supplies of raw materials and well organized modern industrial plants, she is well able to undertake. I have no doubt that Canada will emerge from this war greatly enriched, and that peace and the return of the troops will be followed by several years of great trade activity and development. We have thus a strange mixture of prosperity and adversity, the latter falling especially heavily upon a class of enterprise in which British capital is largely invested. During the seven years from 1908 to 1915, inclusive—one of which was a full year of war—it is estimated that the people of Great Britain invested in Canada no less than \$1,472,000,000—approximately £300,000,000—without taking into account the very large sum placed in real estate and mortgages on property. The British Empire Trust Company alone, since it commenced business, in 1902, has been responsible for the finding of some £60,000,000. The result to Canada has been that great increase in her population, and agricultural, mineral and commercial development and wealth which has proved of such supreme value to the Empire in the present struggle, and the investor who placed his money in investments under the British flag, in preference to under a foreign flag, has this deep reason for satisfaction. I hope it will not be found that from a financial standpoint confidence in British institutions and laws has been misplaced, and that these afford the investor less just protection than those of other countries, but a spirit has manifested itself in certain parts of Canada which seems to show a very great deal less than fair play towards enterprise. This is the more regrettable as the Dominion Parliament itself is always careful to treat British capital with fairness and consideration. I hope that just counsels may prevail, and that the rights of investors will receive fair protection in all parts of Canada; but should the contrary occur, the people concerned must not be surprised if they find after the war that fresh capital is unobtainable, and that existing loans and mortgages cannot be renewed."

EXPANSION OF THE TRADE OF THE EMPIRE.

"Last year I referred to the organisation of ways and means of expanding the trade of the Empire and of capturing trade from the enemy, and I asked shareholders to help this company to do its share by bringing before us any opportunities they might meet with of assisting in establishing new, or extending old, undertakings. We believe that after the war there will be endless opportunities of financing sound enterprise, and we wish to get into touch with these. We are well equipped for the work. We have capital and credit with which to assist enterprise in the initial stages, and we have very extensive machinery with which to permanently provide them with capital by the sale of shares and securities at a suitable period of their development. We hear a great deal of the fierce international trade competition which is to follow the war, and the necessity of placing our manufacturers, merchants and contractors in a position to obtain larger banking facilities and longer credits than in the past. The British banks are reproached with having withheld these facilities, and they are asked in future to model themselves on German lines. German commercial banks undertook dangerous responsibilities and locked up their capital and their depositors' money in long credits and in commercial and industrial enterprises in which they, in effect, became partners with the manufacturer and contractor. I believe that the threatened financial crash resulting from this system was one of the two main factors which caused Germany to precipitate this war. The question of who came to the rescue at the outbreak of war and paid the huge losses incurred by the German banks has not yet been answered. It does not, however, require much inside information to divine that it was the German Government. British banks are second to none in the world. Surely the latter half of

1914 proved this beyond all question. They have rightly declined to endanger their institutions by following German commercial banking practice. They hold on deposit from the public enormous sums repayable on call or at short notice, which it is impossible for them to lock up in the German fashion in long-term credits or industrial enterprises; but there is not now, and never has been, any lack of proper banking facilities of this class in this country. I think I may permit myself to speak with some confidence on this subject, as not many men have had greater experience in the organisation and financing of enterprises of magnitude and Imperial importance. The locking up of money in industrial enterprises at home or abroad does not come within the proper scope of the banks. It belongs to the business of the numerous large financial houses and of institutions such as ours, which have no liabilities to the public on current account or short-term deposits. I hope that the new British Trade Corporation will have a career of great usefulness and success but the addition of one or several new trade banks cannot very greatly affect the vast business of the British Empire in one direction or the other unless they should unfortunately develop into any sort of exclusive financial ring under Government auspices and patronage, in which case their influence would be paralysing and destructive. This country in its banks, its financial houses and its Stock Exchanges possesses all the financial machinery necessary to facilitate commercial enterprise at home and abroad on the largest imaginable scale."

ELIMINATION OF GERMAN INFLUENCE.

"It is not new financial machinery, but better use of the old that is required. Our finance and trade must be released from German influence and be provided with scientific assistance of the highest order and with a highly efficient and independent Consular service. Let the influence of German peaceful penetration be totally eliminated from our financial system. Let the public absolutely decline to do business with a bank or financial house or firm of brokers who has a single director or partner who is a German, naturalized or un-naturalized. Let Government provide well-organised, efficient, accessible and reasonably inexpensive facilities for obtaining scientific guidance and an extended well-paid Consular service composed of men whose time and efforts are exclusively devoted to the national interests, and it will be found that with the fresh opportunities offering after the war we already have in this country the most efficient and reliable banking and financial system the world has ever seen or ever will see. In conclusion, I will repeat what I said last year. The British Empire Trust, with its £750,000 of capital, is but a small wheel in the huge machinery of the Empire, but I hope to see it doing its part in holding and capturing trade. It is with this in view that we are shaping its course, and we would ask shareholders to co-operate by bringing before us, or in asking their bankers to bring before us, any opportunities they may meet with of assisting in establishing new or extending old commercial undertakings within the Empire. In so doing you will be assisting not only the company in which you are shareholders, but the interests of the country generally."

The Chairman moved: "That the accounts for the year ended 30th April, 1917, and the report of the directors and auditors thereon, be received and adopted."

Mr. Norman Scott-Russell seconded the resolution, which was carried unanimously.

The Chairman next proposed: "That the payment of the dividends on the Five per Cent. Cumulative Perpetual Preference shares for the year be approved, and that dividends of 5 per cent. per annum on the Preferred Ordinary shares and of 7 per cent. per annum on the Deferred Ordinary shares be and they are hereby declared for the year ended 30th April, 1917, payable to all shareholders of record on the 17th July, 1917."

Mr. Scott-Russell seconded the motion, which was unanimously agreed to.

The retiring directors (Mr. Norman Scott-Russell and Lieut.-Colonel E. F. O. Gascoigne) and the auditors (Messrs. Robertson Hill and Co.) were re-elected, after which the proceedings terminated.

Provident Savings Bank and Trust Co. and Breed Elliott & Harrison

Cincinnati Chicago Indianapolis New York

Dealers in High Grade CANADIAN MUNICIPAL AND GOVERNMENT BONDS

WE BUY AND SELL

W. JENNINGS O'NEILL, Agent, Electric Railway Chambers, Winnipeg, Man.

THE DOMINION SAVINGS AND INVESTMENT SOCIETY

Masonic Temple Building, London, Canada

Interest at 4 per cent. payable half-yearly on Debentures

T. H. PURDOM, K.C., President

NATHANIEL MILLS, Manager

THE TORONTO MORTGAGE COMPANY

Office, No. 13 Toronto Street

Capital Account, \$724,550.00 Reserve Fund, \$560,000.00

Total Assets, \$3,244,596.44

President, SIR WM. MORTIMER CLARK, LL.D., W.S., K.C.

Vice-Pres., WELLINGTON FRANCIS, K.C.

Debentures issued to pay 5% a legal investment for Trust Funds.

Deposits received at 4% interest, withdrawable by cheque.

Loans made on improved Real Estate on favorable terms.

WALTER GILLESPIE, Manager

NEW INCORPORATIONS

Two Million-Dollar Shipbuilding Companies Chartered,
Also Two Large Mining Companies

The largest companies incorporated last week are:—

British American Shipbuilding Company, Toronto.	\$1,000,000
Bourkes Mines, Limited, Toronto	2,500,000
Rand Consolidated Mines, Limited, Toronto.....	5,000,000
William Lyall Shipbuilding Company, Montreal ..	1,000,000

The following is a partial list of charters granted during the past week in Canada. The head office of the company is situated in the town or city mentioned at the beginning of each paragraph. The amount named is the authorized capital and the persons named are provisional directors:—

- Moose Jaw, Sask.**—Chivers, Limited, \$10,000.
- Duncan, B.C.**—Cowichan Producers, Limited, \$10,000.
- Burnaby, B.C.**—Highland Shingle Mills, Limited, \$300.
- Saskatchewan.**—Tuckett, Limited, \$10,000, Hamilton, Ont.
- Vernon, B.C.**—Vernon Lumber Company, Limited, \$10,000.
- Beulah, Sask.**—Royal Victoria Mutual Fire Insurance Company.
- Gravelbourg, Sask.**—The Gravelbourg Turf Club, Limited, \$800.
- Regina, Sask.**—The Western Discount Company, Limited, \$10,000.
- Golden, B.C.**—Tarheel Copper Company, Limited (non-personal liability), \$300,000.
- Saskatoon, Sask.**—Serif's, Limited, \$20,000; the Central Drug Store, Limited, \$20,000.
- Revelstoke, B.C.**—Dunvegan Mining Company, Limited (non-personal liability), \$250,000.
- Winnipeg, Man.**—Mude's, Limited, \$20,000. Joseph T. Beaubien, J. N. Landry, B. Baleshta.
- St. Malachie, Que.**—La Compagnie Dorchester, Limitee, \$200,000. N. Labrecque, E. Boutin, J. Lacasse.
- Fernie, B.C.**—Swift Creek Lumber Company, Limited, \$20,000; Bull River Water Company, Limited, \$125,000.
- Ottawa, Ont.**—McAuliffe, Davis Lumber Company, Limited, \$300,000. A. M. Davis, C. H. Walters, G. D. Kelley.
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- Victoria B.C.**—Gordon Bay Mines, Limited (Blue Grouse Claims), (non-personal liability), \$400,000; Draftite, Limited, \$25,000.
- Vancouver, B.C.**—Pacific White Lead Company, Limited, \$300,000; Hotel Cunningham, Limited, \$20,000; E. B. Morgan and Company, Limited, \$10,000; United Water Power Company, Limited, \$32,000; Swindell and Fowler, Limited, \$15,000; N. C. Foster, Limited, \$10,000; Helman and Sapers, Limited, \$10,000.
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Company, Limited, \$400,000. S. E. Junkins, H. Ringler Drummond Hay, A. J. Miligan; Maheu Automobile, Limited, \$20,000. A. Racine, L. Huberdeau, T. W. Maheu; Le Club des Dix Lacs, Limited, \$50,000. E. P. Goyette, R. S. Weir, F. G. Dort; Dominion Carriage Company, Limited, \$500,000. P. T. Legare, J. H. Fortier, P. W. Fortier; the William Lyall Shipbuilding Company, Limited, \$1,000,000. E. Languedoc, R. E. Allan, W. Taylor; Quebec Charcoal Company, Limited, \$50,000. A. Wainwright, C. G. Ogden, G. V. Cousins.

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MANITOBA FARM LOANS SCHEME

Editor, *The Monetary Times*:

Sir,—I notice your remarks re Manitoba farm loans, and beg to say you read my letter incorrectly. What I stated is: To borrow money, \$1,000,000 at 5 per cent. simple interest, and put it out in the manner described, makes the "goodly profit" shown at the end of thirty years. The \$22.65 is, therefore, not used to pay current expenses.

In the following paragraph of my letter I ask "how" the current monthly expenses are to be paid, and I suggested therein that legal and valuation fees must be collected from the farmer to pay same.

Your figures are correct if the current expenses are to be paid out of the \$72.65.

I am not connected with the Farm Loan Association in any way.

Yours, etc.,

W. C. Alderson.

Winnipeg, August 3rd.

INCOME TAX EXPENSIVE TO COLLECT

Editor, *The Monetary Times*:

Sir,—Many people were pleased to see the announcement in the press of the Dominion government's proposal to impose a tax on incomes. This is what most people meant when they asked for the conscription of wealth, and the government has apparently only very reluctantly responded to the insistent demand of the people for a more equitable distribution of the burdens of the war. The extraordinarily inadequate nature of the proposed tax, however, makes one doubt the genuineness of the government's intentions, as the following examples will show:—

Income.	Tax.	Super tax.	Total.
\$10,000	\$280	\$80	\$360

This is for a married person where the exemption is \$3,000.

Income tax is one of the most expensive to collect, and needs to be adequate if substantial benefit is to be gained. What is really needed is the raising of sufficient revenue to enable the government to pay the expense of the war without recourse to further borrowing. Canada is enjoying great prosperity now, and a period of the worst financial depression is to be looked for in the years following the termination of the war. All great wars have been followed by severe economic disturbance, and the best illustration is the period of twenty years after 1815. Whatever we pay out of income now, so much will we lighten the burden of the future.

Yours, etc.,

E. L. Richardson.

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KING WILLIAM IV.	657,115 ...	3,038,380
QUEEN VICTORIA	789,865 ...	4,575,410
KING EDWARD VII	8,500,670 ...	11,185,405
KING GEORGE V.	6,846,885 ...	15,186,090
and at		
31st DECEMBER, 1916 ...	7,980,685 ...	20,730,010

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ACQUISITION OF CANADIAN NORTHERN BY GOVERNMENT

(Continued from page 8.)

physical property. But the physical property does not all belong to the Canadian Northern shareholders. There are minority holdings in several of the subsidiary undertakings. And the Canadian Northern interest in these undertakings only corresponds to its percentage proportion of their respective share capitals. This implies a reduction of more than \$10,000,000 in the estimate of the assets belonging to the Canadian Northern shareholders.

We find then that, on the physical basis, the value of the property of the Canadian Northern shareholders is distinctly less than the amount of the liabilities against it. On this basis the equity of the shareholders must be regarded as non-existent.

3. GOING CONCERN.—A third basis of estimate is the value of the property for sale as a going concern. A purchaser would not consider either original cost or reproduction cost as of much importance. The price he would pay would be based on earning power, present and potential. On this basis he would consider how far the Canadian Northern is at present short of covering its fixed charges, how long it will take to reach equilibrium, how much new capital will have to be spent, how soon a dividend may be expected and at what rate. Calculating on this basis, in the light of the figures set out above, it is evident that no purchaser would offer for the property a sum amounting to the total of its liabilities.

Conclusion as to Canadian Northern.

We conclude, therefore, that the shareholders of the company have no equity either on the ground of cash put in, or on the ground of physical reproduction cost, or on the ground of the saleable value of their property as a going concern. If, then, the people of Canada have already found, or assumed responsibility for, the bulk of the capital; if they must needs find what further capital is required; and if they must make up for some years to come considerable deficits in net earnings, it seems logically to follow that the people of Canada should assume control of the property. We return later to the Canadian Northern Company in order to set out our recommendations as to its ownership and management in the future and as to the terms to be offered to the existing shareholders.

In another part of the report, Commissioners Drayton and Acworth say:—

We return to the question what, having regard to all the circumstances of a very difficult case, is fair as between the government and the Canadian Northern shareholders. One point must be dealt with at the outset. Assertions and insinuations have been widely made that public money received by the firm of Mackenzie and Mann have been appropriated by Sir William Mackenzie and Sir Donald Mann to their own use. And these gentlemen are understood to be the holders of the bulk of the Canadian Northern stock. If this charge were true it is evident that they would have no equitable claims.

We are satisfied that the charge is unfounded. During our inquiry at Toronto on February 26 and 27, we inquired fully into the matter, and examined on oath Mr. Hanna, vice-president, and Mr. A. J. Mitchell, comptroller, of the

Canadian Northern system. Both these gentlemen are intimately acquainted with its complicated finances. They gave their evidence fairly and frankly, and in our judgment with an honest desire to make full disclosure on every point on which we sought information. They called our attention to the report of the government auditors made to the solicitor-general of Canada on April 22, 1914, which is printed in the sessional papers of that year (Nos. 269b, i, j, l, m). The relevant passage is as follows:—

“We would particularly draw attention to statement No. 2, being a declaration from the comptroller of the contractors, Messrs. Mackenzie, Mann and Company, Limited, that the contractors have made no profit on their work for the Canadian Northern Railway, other than certain fully paid common stock which is set out in a statement in our previous report. This declaration is borne out to our satisfaction, from our investigation of the books of said contractors, and also of those of the company.”

The result of our inquiries leads us to the conviction that both Sir William Mackenzie and Sir Donald Mann had a firm belief in the ultimate success of their undertaking, and in their own ability to carry it to a successful conclusion.

It was therefore obviously in their interest, as owners of all the common stock, that the road should be as well located and as economically constructed as possible. And they did their utmost to attain this end. The success of their endeavors may be judged from the fact that Canadian Northern construction from Tollerton (120 miles west of Edmonton) to Vancouver cost \$88,629 per mile, while the construction of the Grand Trunk Pacific from Wolf Creek (on the opposite side of the Athabaska River from Tollerton) to Prince Rupert cost \$112,000 per mile. It is true that the Canadian Northern had the benefit of the “tote” roads built by the Grand Trunk Pacific between Pembina River and Resplendent, as the Grand Trunk Pacific was first in the field; but as against that it had to face higher costs of labor and material. We believe that, speaking generally, one consideration may be set off against the other. Again, the cost of construction of the Canadian Northern from Port Arthur east to Montreal can be compared fairly to the cost of the construction of the National Transcontinental from Winnipeg to Quebec. The cost of the Canadian Northern was \$52,602 per mile, including in this amount interest at 5 per cent. during the construction period, but excluding the Montreal passenger terminal. The cost of the National Transcontinental was \$93,735 per mile, including interest at 3 per cent. down to December 31, 1914, but excluding the cost of the Quebec bridge.

Canadian Northern Successes and Failures.

The mistakes that have been made by the proprietors of the Canadian Northern lie in unnecessary duplication of lines and in reaching out into territories offering but a poor traffic return, rather than in errors or extravagances in actual construction.

Our conclusion of the whole matter is that the moneys required for Canadian Northern construction have been raised with considerable financial skill at very moderate rates of interest, that the construction has been economical, but that the completion of the system as a separate system would involve a very large capital expenditure on branch lines and terminals in eastern territory, and a large duplication of existing facilities; that it



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is impossible for the company, unaided, to complete its venture; and that it is absolutely vital to the interest of the country that further duplication should cease.

Under these circumstances, have the Canadian Northern shareholders any claim to compensation? Not, we think, as of right. But governments in the past have not taken a stand on strictly legal grounds in their dealings with other companies. There are grounds on which similar action could be justified in this case. The company has done much to develop the prairie provinces. Its lines there are well located, economically constructed, and valuable for public service. Of the later constructed lines also we can say that they have been well located from the engineering, if not from the traffic standpoint, and economically constructed. And if in recent years the Canadian Northern shareholders were carried away by a wave of unreasoning optimism, at least it may be said for them that almost the whole population of Canada shared their expectations. We think that, on the whole, the equity of the case would be met, if the Canadian Northern shareholders were permitted to retain a moderate portion of the \$60,000,000 of shares which they now hold.

Arbitration Recommended.

But under the scheme we propose, the trustees will operate the Canadian Northern lines as part of a combined system. It will be impossible, therefore, for the Canadian Northern Company, as such, ever to earn a dividend on its separate stock. We suggest that, if it is decided to permit the present shareholders to retain a portion of their holding, the act of parliament constituting the board of trustees shall contain a provision for arbitration between the trustees and the Canadian Northern Company and establishing an arbitration board to act forthwith. The trustees should appoint one arbitrator and the Canadian Northern shareholders the other, and the two arbitrators should agree on the appointment of an umpire; failing agreement, an umpire should be appointed by the chief justice of the exchequer court; and the decision of the board should be final.

The arbitrators should be empowered to decide two questions:—

(1) What proportion of the Canadian Northern common stock may fairly remain the property of the present holders;

(2) What proportion of the earnings of the Dominion Railway Company may fairly be regarded as attributable to the Canadian Northern lines?

To illustrate our meaning, we will assume that the arbitrators decide that 5 per cent. of the Canadian Northern shares shall remain the property of the existing holders, and further decide that one-half of the total earnings of the Dominion Railway Company will be fairly attributable to the Canadian Northern lines. Then their decision will mean that, out of any dividend declared in future by the Dominion Railway Company, 2½ per cent. (one-half of 5 per cent.) will be payable to the existing Canadian Northern shareholders or their transferees. We think the arbitrators should fix this resulting percentage once for all. It should be made a condition of the settlement that the minority shareholders of the Canadian Northern should by deed irrevocable appoint the trustees as their proxy to vote their shares. Care will of course be taken to provide that the arbitration board shall have regard only to the Canadian Northern lines, as they exist at the date of the passing of the act, and that any subsequent increase of revenue due to the expenditure of additional public money shall be excluded from consideration.

CANADIAN NORTHERN RAILWAY AND FOOD WASTE

One way in which the railways are assisting to win the war is seen in a circular issued to dining and café car stewards by Mr. W. Pratt, general superintendent, sleeping and dining car department of the Canadian Northern Railway, on the conservation of food on dining cars. The circular emphasizes the great need for employees' careful co-operation in conserving supplies, as it will help to win the war. Employees are instructed not to serve an article or replenish a dish unless passenger orders same.

"In the conservation of foods," said Mr. Pratt, "the careful serving of bread is necessary. Three slices of bread from the loaves at present supplied, with one pat of butter, are ample for an order. Deep pies, with top crust only, either meat or fruit, should be used in preference to pies with top and bottom crust. Open fruit or jam tarts also should be used.

"We have already issued instructions that no young meats, such as early spring lamb, veal, young chickens or squabs, will be supplied. Fresh roasts must not be used daily. Every effort should be made to use up cold meats in some form so that no waste will follow. Fish is plentiful throughout the territory we operate, and great care must be used in ordering fish that is plentiful in the province in which you are running, and this can be served freely by making specialties of same. Butter and lard must be avoided as much as possible in cooking. Milk, cream, cheese, etc., must under no circumstances be wasted. Sour cream can be used to advantage in many preparations, and every scrap of cheese can be used up to make some palatable dish."

Mr. Pratt has arranged to remove all silver cream pitchers from dining cars, and in future individual cream jugs will be used. Many articles on the present menu card are to be eliminated altogether.

RAILROAD EARNINGS

The following are the earnings of Canada's transcontinental lines during the month of July:—

Canadian Pacific Railway.			
	1916.	1917.	Increase.
July 7	\$2,616,000	\$3,101,000	+ \$485,000
July 14	2,738,000	2,867,000	+ 129,000
July 21	2,641,000	2,950,000	+ 309,000
July 27	3,800,000	4,007,000	+ 207,000
Grand Trunk Railway.			
July 7	\$1,145,029	\$1,297,003	+ \$141,974
July 14	1,211,393	1,379,293	+ 167,900
July 21	1,140,226	1,358,019	+ 217,793
July 31	1,810,713	1,967,465	+ 156,752
Canadian Northern Railway.			
July 7	\$ 885,100	\$ 902,300	+ \$ 17,200
July 14	874,900	935,600	+ 60,700
July 21	866,900	872,100	+ 5,200
July 31	2,207,300	1,134,900	— 72,400

The Canadian Pacific Railway gross earnings in June were \$13,586,979, which compares with May earnings of \$14,355,149, a decrease of \$768,170. The working expenses for June were \$9,641,073, the net profits being \$3,915,906.

The gross earnings for six months were \$71,356,776 and the working expenses were \$50,359,327, the net profits being \$20,997,449. In June, 1916, the net profits were \$3,689,633, a decrease as compared with June of this year of \$226,273. The net profits for the same six months in 1916 were \$19,601,733, being \$1,395,716 less than the amount for the same period this year.

The Canadian Northern Railway system reports gross earnings for June of \$4,048,600, which compares with the earnings of \$3,784,700 in May. Net earnings were \$1,087,600, a gain over May of \$33,200, and an increase over June of last year of \$102,600.

For eleven months of this fiscal year the system shows gross earnings of \$41,244,700, an increase of \$7,819,700 over the same period in 1916. Net earnings in the eleven months of June 30th were \$10,404,400 and the increase in net for that period was \$1,866,600.



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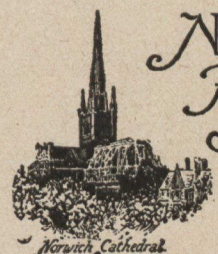
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