

# Monetary Times

## Trade Review and Insurance Chronicle of Canada

VOLUME 59  
No. 5

TORONTO, AUGUST 3, 1917

ESTABLISHED  
1867

### The Week's Topics

The record of war savings certificates purchased in Canada and Great Britain. The proposed nationalization of the Canadian Northern. Some little disappointment is natural in regard to the price paid for our loan in the United States and the method of getting the funds, **Page 9**

### Cold Storage

That there is no food trust in Canada is the finding of Commissioner O'Connor. Neither has there been destruction of fit food or unnecessary accumulation of stock. There is nothing like combination among cold storage companies, but there is lively competition instead, **Page 5**

### Municipal Bonds

Municipal bond sales in Canada for July, as compiled by *The Monetary Times*, amounted to \$3,814,489, compared with \$1,642,003 for June and \$1,485,225 for July of 1917, **Page 26**. *The Monetary Times'* weekly record of municipal activities and financing, **Page 33**

### Trade and Commerce

Canada's export trade under war conditions makes an excellent record, **Page 28**. Pulp and paper industry of Canada is rapidly growing. Pulpwood production increases in value in all provinces of the Dominion excepting Ontario and British Columbia, **Page 18**

### June Bank Statement

Canada's savings deposits for the first time reach \$900,000,000 and total deposits at the end of June stood at \$1,350,000,000. All loan accounts showed reductions during June. Record of call loans abroad during the past three years. Interesting figures of comparison, **Page 22**

### Income Tax

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### Insurance

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### Bond Market

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JAS. J. SALMOND  
Managing Director

FRED. W. FIELD  
Editor

A. E. JENNINGS  
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## No Food Trust Operates in Canada

*THAT is the Finding of Commissioner O'Connor—Neither Has There Been Destruction of Fit Food—There is Nothing Like Combination Among Cold Storage Companies Here, But Lively Competition Instead.*

THE following are the introductory remarks of Mr. W. F. O'Connor, K.C., acting commissioner, regarding the cost of living, as they appear in his report on the cold storage situation. A lengthy summary of the report was printed in these columns last week:—

"The primary object of the investigation concerning which I now report was to discover whether there existed within Canada as among those engaged in the business of cold storage, any illegal combination, undue accumulation or overcharging, in contravention of order-in-council No. 2777 of November 10, 1916; but noting very early in the course of the investigation that much valuable information of a character collateral to its main purpose and not entirely unrelated to it, could be conveniently obtained and recorded along with the necessary data as to business arrangements, stocks, costs and prices, the scope of the investigation was extended to include such other matter. As a result, it is possible to make this report one concerning cold storage conditions in Canada, rather than as it would otherwise have been, one concerning the costs and prices of cold storage commodities in Canada. The matters of costs and prices will necessarily receive the larger share of attention notwithstanding.

"The popular conception, if one may judge from articles and correspondence in the newspaper press and from discussions heard in smoking cars and in social clubs, is that there is a 'food trust' consisting of the various cold storage companies, banded more or less loosely together with the common object of creating an artificial scarcity by means of the accumulation of excessive quantities of foodstuffs so that prices may be enhanced to the great profit of the 'trust' and the great detriment of the public. Weird stories are heard of tremendous quantities of food, good and bad, that have been devoted to destruction, to lessen the supply or because they had been held until unfit for consumption. My inquiries enable me to pronounce with emphasis that there is no such 'trust' and I have failed to discover any instance of the destruction of fit food. Broken and bad eggs are, of course, destroyed, and many millions of eggs will yield many thousands of broken and bad eggs. Injured and unfit food of all kinds is from time to time, and quite properly, in all businesses, destroyed. The law so compels. The most dangerous error is one based upon truth. Supplies have been properly destroyed. A story of their guilty destruction makes easy headway. Again there is nothing like combination among the various com-

panies. There is very lively competition instead. A few of the cold storage companies, however, have attained such dimensions, and have so centralized the business in certain lines that as respects particular commodities particular companies are able to exercise a practical monopoly, especially of export business. The following pages will make this fact very plainly appear. In some instances this practical monopoly has been fairly and justly administered. In others, concerning which I shall have to specifically report, it has not.

"As to the matter of over-accumulation, all the evidence is against it. The popular conception is unquestionably wrong. It is surely not open to contradiction that the reasonableness of the amount of stock in trade carried by a person, firm or company engaged in business depends upon the volume of business transacted, by which I mean the 'turnover.' Immense amounts of produce are bought and carried by the various cold storage companies, as of course. But as immense amounts are sold by them. The sales of some of the larger companies, many of them for export, amount to millions of dollars per month. When one hears of a company having on hand, say, a million dollars worth of bacon this seems a preposterous holding until one discovers that it represents only sufficient for a fortnight's sales. Canada's exports of foodstuffs have expanded immensely since the beginning of the war. Practically all the meats, and a very large proportion of the eggs, butter and cheese exported goes through the cold storage houses. The greater stocks carried are necessarily carried. They are not carried for long. They are merely passing through. It would be an idle and a foolish operation, with the world clamoring for food and bidding high for it, if hard-headed business men, able to sell and take fair profits, were to hold their stocks, forego the opportunity of selling, buying and selling again, and gamble upon the chance of further advances. In any event, Canadian cold storage companies have not done so, as the facts and figures hereinafter set forth will show. What profits have been made are the result of repeated turnovers. For the six months last past I have maintained a close and persistent scrutiny over the operations of these companies. Without exception they report to me monthly, with items, their stock on hand, their receipts, their costs, their sales, their prices realized and the quantities sold for export and for home consumption respectively. In the beginning, the necessary information, covering a four-year period, year by year, 1913 to 1916, inclusive, was obtained under oath. The monthly

reports are by cards not under oath, nor need they be for the present purpose, because they connect with the basis information originally obtained. Nor have I omitted to check the returns as to exports by the customs figures, nor to check those given from time to time as to domestic sales by examination of the actual invoices of purchasers, extraneously obtained. Further, in response to many suggestions from such companies that I personally attend and examine their books, I have caused it to be known that in due course an expert accountant will in all likelihood attend for this purpose. You will be aware that I have already recommended such action for the purpose of verification and especially of securing an accurate computation of the profits upon by-products. I make the preceding statements to justify the claim that the figures hereinafter appearing may be accepted as highly reliable.

"As to the matter of the reasonableness of prices and the part played by cold storage companies in the enhancement of prices, I have thought it best to supply, copiously and in detail, the actual figures, so that all who care to investigate may reach conclusions for themselves, whether or not their conclusions agree with mine, which will be stated in proper sequence. I have had occasion in a previous report to state in effect that high prices and unfair prices are not necessarily synonymous. All food prices are ruling high. I shall not reiterate my ideas as to what have been the contributing causes. They have been many. As respects cold storage products, however, I will state here that it seems to me that extensive buying for export has contributed most to the advances in prices of cold storage commodities. A world shortage has induced high bidding in a world market. The domestic price has followed the trend of export prices upwards. And I humbly suggest that the figures which follow will disclose to those who consult them that the Canadian farmer has not been blind to his opportunities. It will be noted that the cost to the various companies of the various cold storage commodities has been climbing, and that a direct relation has been maintained between the cost to the companies and their sale prices. In stating this I do not mean to be understood as stating that the relation has been invariable or as contending that there have not been cases of undue profit taking. Quite the contrary, as will appear at a later stage of this report when I shall express an opinion concerning certain seemingly excessive charging,

which, in my judgment, is none the less open to criticism because, for the most part, the commodities affected were destined for export to Great Britain and the Allies overseas. But on the whole the operations of the cold storage companies have stood the test of investigation well. The profits per pound or per dozen of most of these companies have been small, and have not to any great degree contributed to produce the very high prices prevailing. Any one can deduce this fact from the tabulations which appear later on herein. A very small profit, per pound or per dozen, will produce quite an aggregate, all the same, when the operations of a company cover many millions of pounds or of dozens. For this reason it seems to me that such companies may well be content in such times as these with a very minute profit, per pound or per dozen, indeed.

"As already stated, the investigation covered the period of 1913 to 1916 inclusive. Thus comparisons may be made with conditions prevailing before the war. In addition, this report is extended to take in the operations of the cold storage companies to the first day of May last. It will appear that while we have quite sufficient cold storage products for our own needs, and more, an abnormal export demand is lessening our stores and enhancing the prices of commodities for domestic consumption.

"It is planned to issue a monthly bulletin hereafter stating the exact conditions obtaining during the period immediately preceding the issue. The three subsequent parts of this report are devoted to (1) a classification of the cold storage establishments, including abattoirs, in Canada, and a consideration of their character; (2) a consideration of the proper functions of cold storage companies and of the operations of the year 1916 in Canada with an analysis of the margins of profits and of the relation of exports to domestic consumption; an analysis of the business done by certain of the larger companies; a consideration of the reasonableness or unreasonableness of the amount of stocks carried; a comparison of margins of profits, etc., and of the business done in the years 1913 to 1916; and a consideration whether the business of the larger companies has proportionately increased with relation to the total Canadian trade in cold storage products since the war; (3) a statement of the present conditions with prevailing costs and prices and a comparison with the equivalent period of one year ago."

## NEW YORK COMMENT ON LOAN

### If United States Government Had Provided Funds, They Would Have Been Tax Exempt

"Not since the loan of \$100,000,000 to France on April 1st had a bond issue of a foreign government been floated on the United States markets, until the credit of \$100,000,000 to Canada on two-year 5 per cent. notes was made this week, with the sanction of the treasury department," says the New York Evening Post. "With our entrance into the war and our government's assumption of the burden of making loans to the Allies, New York bankers tacitly recognized that United States markets were closed to public flotations for foreign nations, unless such flotations were authorized by Washington. This policy of closure, rigorously followed in England, brought it about that, as against \$200,000,000 advanced in Great Britain to foreign governments, municipalities and railways in the first half of 1914, not a shilling has been publicly raised for those purposes on Lombard Street this year.

"In a sense, the public offering of a Canadian loan, rather than the financing of the Dominion through our treasury department, may be looked upon as an effort to make

use of funds which are available for short-term investment, but which might not go readily into a long-term bond offering of our own government. The success of the numerous note issues by railway and industrial corporations recently had demonstrated the existence of large amounts of this sort of capital. More than that, it is worth noting that the government is also a gainer from the fact that it will collect the income tax from holders of the Canadian notes, whereas its own 3½ per cent. bonds, if issued to provide funds for the Dominion, would be tax-exempt."

### Foreign Loans on Merit.

The New York Times' financial review makes the following reference to the Canadian loan situation: While the administration has been loath to encourage any borrowings here by other governments for fear that they might prejudice the financing necessary for account of this country, the situation of Canada, with its heavy debit balance here, made it advisable that the aid she desired to get in this money market be extended, and the secretary of the treasury formally approved of the Canadian loan, but called attention to the fact that it would be necessary for the United States to control the financial situation by determining each application for a foreign loan on its own merit, and with reference to the monetary conditions prevailing at the time.

**LIFE INSURANCE STOCK AS AN INVESTMENT**

**Great-West Life Labels as False Statements Made in Recent Article**

The following letter has been received from the Great-West Life Insurance Company, of Winnipeg:—

Editor, *The Monetary Times*.

Sir,—With reference to libellous journalistic statements made against the Great-West Life Assurance Company, it has been the usual practice of this company to ignore such occurrences. However, when statements appear in the columns of a responsible journal of the standing of *The Monetary Times*, we feel that the matter deserves some comment.

An article appears in your issue of the 20th ult., under the heading "Life Insurance Stock as an Investment," written by George Boyd Wickes. We are informed that the employment of the author has been promoting and endeavoring to sell the stock of a new life insurance company. A very natural inference is that he would find it advantageous in the attempt to sell stock in a new company if he had ready for use quotations from a financial journal of your standing. This no doubt has caused him to use more enthusiasm than ability in the compilation of his figures and in the deductions drawn from them.

**Stock Capital and Surplus.**

In his first reference to the Great-West Life, Mr. Wickes states that during the years 1912-1915 inclusive, the company followed the policy of increasing its stock capital, by the application of surplus to the extent of \$385,303. In order to give the color of authority to this and other statements made, it is suggested that the "Blue Book" is the source of information. Neither the "Blue" nor any other book shows anything of the kind and the statement is absolutely false. The capital of the Great-West Life has been paid up in cash by the shareholders themselves, and not one cent has ever been applied for that purpose out of the funds of the company, profits or anything else.

The statement follows that during the years referred to the Great-West Life distributed stockholders' dividends, amounting to \$130,722. In point of fact the dividends paid in the years in question amounted to \$384,453.38.

**Capital and Dividends.**

The third statement refers to paid-up capital of \$1,000,000 stockholders dividend at the rate of 14 per cent. and an absurd annual dividend return of 56 per cent. The figure quoted for present paid-up capital is only approximately correct; the annual rate of dividend is 15 per cent., not 14 per cent.; and if Mr. Wickes intends to refer to the actual annual return to stockholders on their cash investment this is less than 15 per cent. on account of the cash premium paid on part of the stock, while for several years no dividends whatever were received.

In the table of statistics appearing on the lower half of page 7, the figures exhibited in the second, third and fourth columns relative to the Great-West Life, are incorrect. We have already referred to the present rate of dividend on the company's stock. The inaccurate figure of 14 per cent. is repeated in the second column of this table. As regards columns three and four, the amount paid for dividends on stock during the year 1915 was \$120,581.90, not \$130,722, and the total amount for the years 1912-1915 inclusive was \$384,453.38, not \$493,500.

**Figures are Incorrect.**

As regards the final reference to this company embodied in a short paragraph on page 8, we have already pointed out that the figures used are incorrect and that the statement to the effect that the Great-West Life has applied profits towards the increase of its capital stock is absolutely false.

We regret that a journal with the reputation and standing of *The Monetary Times* should allow such shameful misrepresentations to be given publicity in its columns. Inasmuch as *The Monetary Times* is regarded in many quarters (and we believe, quite rightly), as a source of reliable information, we can only assume that the effusion of Mr. Wickes escaped in some way the usual careful editorial scrutiny, and we shall rely on you to give, in your next issue, an equal publicity to the correction which the circumstances demand.

Yours, etc.,

The Great-West Life Assurance Company.

July 28th, 1917.

The following letter has been received from D. H. McDonald and Company, bankers, Fort Qu'Appelle, Sask.:—

"I notice in your issue of July 20th an article on page 7 by George Boyd Wickes, "Life Insurance Stock as an Investment," in which certain errors have crept in regarding the Great-West Life Assurance Company. As one of the original shareholders, I would like to ask you to correct these errors. Mr. Wickes states that during the years 1912-1915, the Great-West Life increased its capital by bonused profits. This is incorrect. All the Great-West Life capital was paid in cash by calls on the stock, by half-yearly payments spread over a number of years; and again, the dividends for 1915 are quoted as 14 per cent. per annum. This should be 15 per cent. I enclose you a circular which we had prepared last year in connection with the selling of some of this stock. The record of the company from 1893 to 1915 was secured from the head office of the company. While the letter in question does not make any serious charge against the company, it might be as well to have it corrected at an early date, as no doubt the statements contained in *The Monetary Times* become authoritative. You are also no doubt aware of the fact that there is at times considerable agitation against the high dividends paid by companies in Canada. You will notice, however, that in the case of the Great-West Life, the original shareholders waited for seven years for their first dividend."

**SAYS INSURANCE FIGURES ARE CORRECT**

**No Charge Against Great-West Life, Whose Achievements are Admired**

The preceding letters were handed to Mr. G. B. Wickes for comment and he has written as follows:—

I have perused the letters received by *The Monetary Times* from the Great-West Life (initials not decipherable) and pass over the writer's remarks by answering in the words of our immortal bard, "Methinks he doth protest too much."

My facts are absolutely correct. On referring to my article you will see that I did not say (as he states) that the company "increased its capital by the application of surplus to the extent of \$385,303." What I did say was that it increased its capital from profits in the period under review by this sum and again in summary, making my meaning doubly clear, "1912-16 reports show that shareholders received \$493,500 in cash dividends, of which amount \$385,303 was applied towards increase of capital." If my words are ill-chosen, I sin in good company, as the Royal Commissioners in their report use this exact same phraseology in referring to the exact same procedure by other companies.

**What Happens in Practice.**

This is what happens in practice as every reader of *The Monetary Times* is no doubt aware: A call is made and the shareholder pays this call in cash. What I pointed out was that in the period under review (quoting 1912-16 reports), the Great-West Life shareholders received in cash dividends \$493,500. The following are details of the amounts debited the shareholders' surplus fund for dividends declared shareholders during previous year:—

Report of superintendent of insurance, 1912 .....	\$ 82,233
" " " " " " 1913 .....	82,475
" " " " " " 1914 .....	87,924
" " " " " " 1915 .....	110,146
" " " " " " 1916 .....	130,722
	<hr/>
	\$493,500

Note all reports are for previous financial year.  
During the same period these reports show capital stock increased .....

385,303  

---

\$108,197  
so that during this period the Great-West Life shareholders were in the happy position of being able to pay all calls out of their profit dividends, whilst, in addition, the cash distributions retained in hand amounted to \$108,197.

I trust that the above details, coupled with my subsequent remarks, also clear up the points raised in Mr. McDonald's courteous letter. My article being an analysis of all companies, I gave summaries rather than details. Had I been writing a series giving the history of each company in detail, it might have made interesting reading, and enabled me to perhaps emphasize my points more clearly.

I certainly made no charge against the Great-West Life. I have the greatest admiration for the late Mr. Brock and his associates and for the success they have achieved. In less than a quarter of a century they have built up a volume of over \$130,000,000 of life insurance. As a result they have been enabled to declare the increasing dividends to their shareholders shown above, making, especially for the original investor, a splendid investment. I took pains to show that \$71,000 out of the dividend declared in 1915 was derived from the revenue of the shareholders own capital and fund, to avoid public misconception as to the amount of dividends being high.

The 1916 report for the year ending 1915 gives the paid-up capital as \$933,803.30 and the cash dividends declared during the year \$130,722.48. This works out approximately at 14 per cent., but if 15 per cent. is correct, it only makes my point the stronger and the return of to-day to the original investor who paid \$25 per \$100 share and purchased his stock at par, is at the rate of 60 instead of the 56 per cent. per annum I stated. I agree that for six years he received no dividends at all, and that ten years after the company commenced business some of the stock was purchased at a premium, but I did not refer to the later, but to the original investor, and it does not alter the fact that 15 per cent. on 100=60 per cent. on 25.

#### Fully Entitled to Security.

I would like to state here that I did not in any way single out this particular company, but analysed all alike. Personally, I consider that the original investor, who, for the first few years, goes without a dividend altogether and for some further years, when dividends are declared, applies part or even the greater portion of them to his uncalled liability, is fully entitled to the position of security and the ultimate handsome return that his investment has earned for him. Your Great-West Life correspondent has access to the blue books which he says are incorrect. I would recommend him to have the errors rectified instead of reflecting on me. It is true that I sell and have sold life insurance stock for a new company, just as Mr. Brock did for the Great-West Life 25 years ago, and I do not consider this derogatory, for I am convinced of its great potentialities as a high-class investment from every standpoint, and in particular the possibilities of its great future appreciation in value. In this connection I would say that the time to buy life insurance stock is at its inception. Great-West Life stock to-day is a good investment around \$300 or \$400 per share, it was better still for those who bought it at \$85, paying \$60 premium for it in 1903, but it has proved the best investment of all to the fortunate investors who purchased it at its inception for \$25 per share.

#### RAILROAD PROBLEM

"Canada is in a separate and serious position of its own regarding its railroads," says Mr. Samuel Rea, president of the Pennsylvania Railroad Company, in a letter on the Canadian railway problem, to which *The Monetary Times* has already devoted much space.

"Only one large system is pre-eminently profitable, and the country is engaged in a serious war. Judged by either its population, its traffic, or future growth, it has pursued too rapid and too liberal a programme of new railroad construction, supported by governmental aid. The crux of the situation is, who is to provide for the deficiency in earning the interest charges and operating expenses and furnish the capital essential to finish and properly equip these lines in the next 10 years or more?"

"Obviously," Mr. Rea concludes, "the only available source in sight that can shoulder that great responsibility is the Canadian government. It is also obvious that the Canadian people will not shoulder these obligations, and at a future date permit private companies or stockholders to be the beneficiaries. The majority commissioners suggested operation by a board of trained railroad and business men with practically a life tenure of office. This is an experiment which may fail, but some such co-operative plan must be adopted to meet with the approval of the Canadian people. The burden is too great to be left solely to private capital and initiative, because there is no present nor immediately prospective earning capacity to warrant private capital in assuming that lead, and all capital sources are being drained by the war."

#### PERSONAL NOTES

MAJOR EDSON RAYMOND PEASE, son of Mr. E. L. Pease, managing director of the Royal Bank of Canada, has been awarded the D.S.O. Two years ago he joined the Highland battalion raised by Lieut.-Col. Cantley for overseas duty.

MESSRS. HALSEY, STUART & COMPANY, successors to N. W. Halsey & Company, Chicago, have opened their new eastern offices at 49 Wall Street, New York, in charge of Theodore Luce and Chas. C. Pape; the Boston office is in charge of Chas. A. Fassett, and the one at Philadelphia, of Lloyd A. Munger.

MR. B. F. REPTON, general auditor of the Dominion Steel Corporation, has been appointed to the post of comptroller of the Canadian Car & Foundry Company, and supervisor of the Canadian Steel Foundries, Limited. Mr. Repton was formerly with the firm of Price, Waterhouse, as chartered accountant.

MR. F. S. OLIVER, who is taking the place of Sir Richard Burbridge, deceased, as a director of the Hudson Bay Company, is a literary as well as a commercial man, being the author of "Life of Alexander Hamilton." He is also connected with two well-known London firms, namely, Debenhams, Limited, of which he is one of the managing directors, and forms one of the board on Marshall & Snellgroves, and the Textile Securities, Limited. His wife is a daughter of Lord Justice McLaren.

MR. C. R. DRAYTON, manager of the Vancouver Financial Corporation, Limited, and prominent in connection with other financial interests in Vancouver, has returned from a two months' visit to the Orient. He visited Hong Kong, Yokohama, Kobe, Tokio, Shanghai and Manila. Mr. Drayton in a recent interview, stated that Japan was making wonderful progress in the shipbuilding and commercial fields. Japanese craft are to be seen on every part of the Pacific, and more tonnage is being continually produced. The ambition of Japan to rule the Pacific seems to be in process of realization. The war has conferred great industrial benefit upon Japan, he states. Very few ships have been lost, and many have been added. The result is that in the competition after the war she will be able to sweep everything from the ocean. At Shanghai, where Great Britain only possesses concessions, there are still German interests, Mr. Drayton said. But they have been practically boycotted.

#### TO NATIONALIZE THE CANADIAN NORTHERN

The following, in brief, are the government's railway proposals announced in the House this week:—

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.

Orders for winches amounting to \$400,000 have been placed with British Columbia firms. An order for 1,400 tons of bolts has been given to the Vancouver Engineering Works, and Secretary J. Hart, of the British Columbia Manufacturers' Association, has also received word that an order of 500 tons of castings has been distributed among three Vancouver firms.



# Monetary Times

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of Canada

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## THE RAILROAD PROBLEM

The government's proposal to nationalize the Canadian Northern Railway and to loan the Grand Trunk Pacific \$7,500,000 does not solve our railroad problem. The arrangement, however, is probably the best that can be made in view of financial conditions and of the fact that the war has the right of way. Some criticism is heard regarding the acquirement by the government of \$60,000,000 outstanding stock of the Canadian Northern Railway at a price fixed by arbitration. The Drayton-Acworth report, referring to the position of the company's shareholders, stated that the completion of the Canadian Northern 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 was impossible for the company unaided to complete its venture, and that it was absolutely vital to the interests of the country that further duplication should cease. "Under these circumstances," said the report, "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. . . . 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."

The arbitration proposed by the government will presumably be based on that position, so far as the government is concerned. The arbitrators will probably consist of a government representative (perhaps Sir Henry Drayton), a representative of the Canadian Northern shareholders, and a third arbitrator to be appointed by the other two. While the present proposals shelve, for the time being, the complete solution of the railroad problem and satisfies the popular demand that no more financial assistance be given the Canadian Northern Railway, it will remain for a new parliament to consider the

Drayton-Acworth-Smith report and a permanent solution of our railway troubles, having in view at the same time the rapidly increasing national debt.

## HELPING PAY THE WAR

For the past six months, the sale of war savings certificates in Canada has averaged \$1,500,000 a month, making a total of \$9,000,000 which has been made available for war purposes through these small investments. The number of certificates sold is over 130,000. This is a good record but can be greatly improved without difficulty. A war savings certificate should be held by every member of every family in Canada.

The first certificates issued in England were sold on February 19th, 1916, and the sales to June 16th, 1917, were as follows:—

No. sold.	Certificates.	Value at purchase price.
25,212,700	Single, £0 15 6 . . . . .	£19,539,842 10s
604,948	£12, £9 6 0 . . . . .	5,626,016 8s
907,657	£25, £19 7 6 . . . . .	17,585,854 7s
54,670	£500, £387 10 0 . . . . .	21,184,625 0s
168,213	Certificates for amounts between £25 and £500—24,904,173 single 15s 6d certificates . . . . .	19,300,734 1s
26,984,188	Equivalent to 107,402,674 single 15s 6d certificates of the total value of . . . . .	£83,237,072 7s

The Canadian war savings certificates are issued in denominations of \$25, \$50 and \$100, to be repaid in three years at full face value. They cost \$21.50, \$43 and \$86 respectively, at all money order post offices and banks, thus yielding over 5 per cent. interest. The war spirit in Canada has sent hundreds of thousands of men overseas and given the Dominion a high place amongst the nations of the world. If that place is to be maintained, there must be no relaxation of war temper. The National Service Board is urging national thrift and economy. They are essential if the men at the front are to be properly supported by the men and women at home. Every dollar that can be spared in the Dominion is needed for war purposes. The purchase of war savings certificates strengthens the financial line.

## OUR LATEST LOAN

One cannot repress a little disappointment at the high rate we have had to pay for war funds in the United States and as to the method of financing. In its foreign loans Canada established the 5 per cent. interest rate as the proper basis for borrowing, for we were the first of the belligerent countries to enter New York for funds. That lead was followed by Great Britain and France a few weeks later in the joint Anglo-French loan, which was offered on about a 5.40 per cent. basis. The last loan in New York of the United Kingdom was, however, in the form of 5½ per cent. notes, brought out on a 6 per cent. basis, whereas the Dominion has maintained the 5 per cent. rate, but its newest issue is to yield 6.08 per cent. Also the last French government financing in the United States was in the shape of 5½ per cent. notes sold to investors to yield slightly more than 6 per cent. When expenses are added to the present loan, the money will

probably have cost approximately 7 per cent., double the rate at which Liberty bonds were offered to the people of the United States.

Sir Thomas White, Canadian finance minister, and Mr. McAdoo, secretary of the United States treasury, have knowledge of the facts, figures and theories governing the loan, and undoubtedly Sir Thomas will make a statement in the House at Ottawa. In the meantime, we know that the United States sold over \$3,000,000,000 war bonds to 8,000,000 citizens on a 3½ per cent. basis. Much of the money has gone to various Allies at the same figure. Now we have gone into the New York market and through bankers there are seeking a short-time credit of \$100,000,000, paying a good price for it. There is

something about Secretary McAdoo's statement regarding the loan which strikes a little cool, after the raising of hopes, not by him and perhaps unwarranted, that Canada might possibly obtain \$100,000,000 or \$200,000,000 through Liberty Loan funds at a low rate, as a practical appreciation of its war work and war finance for three years. Even though Canadian investors, who have over-subscribed \$350,000,000 of war loans, badly need a respite, the question is raised as to whether, after all, we might not have been able to subscribe \$100,000,000 at a figure somewhat lower than we are paying in New York. The entire transaction is a very businesslike one and in accordance with money market conditions, but there is an unmistakable element of disappointment in it.

**JULY FIRE LOSSES**

**They Were Heavier Than in May and a Year Ago—  
Nineteen Deaths by Fire**

The *Monetary Times*' estimate of Canada's fire loss during July is \$1,101,734, as compared with June loss of \$1,184,627 and \$1,159,285 for July of last year. The following is the estimate of the July losses:—

Fires exceeding \$10,000 .....	\$868,234
Small fires reported .....	89,800
Estimates for all unreported fires .....	143,700
	\$1,101,734

The *Monetary Times*' record of the first six months of the past four years shows the following monthly losses:—

	1914.	1915.	1916.	1917.
January .....	\$ 2,796,312	\$1,249,886	\$ 1,619,217	\$ 1,918,660
February .....	2,920,749	1,019,556	3,275,600	2,009,953
March .....	2,660,666	1,631,606	1,406,501	2,050,650
April .....	1,916,235	1,463,747	1,460,437	1,317,714
May .....	1,935,516	881,855	1,850,205	1,163,110
June .....	1,267,416	1,157,156	494,557	1,184,627
July .....	2,033,139	773,269	1,159,285	1,101,734
Totals .....	\$15,530,033	\$7,177,165	\$11,265,802	\$10,746,448

The fires reported in June at which the losses amounted to \$10,000 and over were:—

- Cache Bay, Ont., George Gordon & Company's saw mill, \$22,145; adjusted.
  - Hudson, Que., Canadian Ice Company's property and other buildings, \$50,000.
  - Macklin, Sask., conflagration, \$75,000.
  - Fernie, B.C., Elk Lumber Company's camp and equipment, \$75,000.
  - Retlaw, Alta., July 7th, National Company's elevator, and 10,000 bushels grain, \$15,000.
  - Amherst, N.S., July 11th, International Engineering works, \$75,000.
  - Strathroy, Ont., Strathroy Canning Company's factory, \$165,000.
  - Restigouche, N.B., L. & A. Malenfant's mill at Arsenauld Siding, \$21,000.
  - North Vancouver, B.C., July 7th, North Shore Lumber & Shingle Company's saw mill, \$10,000.
  - Seven Persons, Alta., July 2nd, conflagration, \$75,000.
  - St. Jacques L'archigan, Que., July 4th, parish church, \$50,000.
  - Regina, Sask., July 25th, exhibition grand stand, etc., \$100,000.
  - Owen Sound, July 22nd, North American Bent Chair Company, Limited, \$95,000.
  - Haileybury, Ont., July 13th, Mrs. R. A. Simpson's stores, \$10,089; adjusted.
  - Rouleau, Sask., July 21st, barn and 200 horses, \$20,000.
  - Deroche, B.C., July 17th, business block, \$10,000.
- Among the reported causes in July were:—Lightning, 10; children playing with matches, 1; fire started in boiler room, 1; defective stove, 1; fire in lane, spreading to load of hay and then to livery stables, 1; sparks from chimney, 1; hot box, 1; starting in pile of straw, 1, and burning match, 1.

The structures damaged and destroyed last month included:—Bungalows and summer cottages, 2; boathouse, 1; workmen's boarding house, 1; power houses, 4; churches, 2; garages, 3; park pavilion, 1; military camp buildings, 1; post office, 1; elevator, 1; poolroom, 1; farm house, 1; ice houses, 3; lumber and saw mills, 5; stores, 11; factories and plants, 5; barns, 10; stables, 5; business blocks, 2.

The fires at which fatalities occurred last month were:—

Hodgson, Man., July 25....	Trapped in burning house..	3
Fernie, B.C., July 29 .....	Forest fire .....	8
Campbellton, N.B., July 3..	Lumber mill .....	1
Montreal, Que., July 1st....	Children playing with fire.	1
Carberry, Man., July 14 ....	Playing with matches .....	1
....., July 1 .....	Pouring coal oil on fire...	1
Woodstock, Ont., July 27...	House fire; mice nibbling matches .....	3
Haileybury, July 30 .....	Pouring coal oil on fire....	1
		19

The following table, compiled by *The Monetary Times*, shows deaths caused by fire during the first six months of 1917, as compared with previous returns:—

	1910.	1911.	1912.	1913.	1914.	1915.	1916.	1917.
January ...	27	27	27	14	20	3	10	21
February ..	15	12	11	21	18	11	23	19
March ....	20	18	24	22	27	23	23	20
April .....	37	20	15	11	22	14	6	15
May .....	15	28	18	33	8	5	14	12
June .....	52	13	6	18	12	2	6	9
July .....	15	110	9	9	8	13	213	19
Totals ..	181	228	110	128	121	71	295	112

**DOMINION SAVINGS BANKS**

BANK	Deposits for June 1917	Total Deposits	Withdrawals for June, 1917	Balance on 30th June 1917.
<b>Manitoba:—</b>	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Winnipeg.....	4,290.00	587,761.51	5,504.56	582,246.95
<b>British Columbia:—</b>				
Victoria .....	24,178.44	1,216,101.43	19,160.47	1,196,940.96
<b>Prince Edward Island:—</b>				
Charlottetown.....	43,028.00	2,076,740.20	25,195.05	2,051,545.15
<b>New Brunswick:—</b>				
Newcastle.....	2,318.00	275,180.27	2,178.47	273,001.80
St. John.....	2,384.97	5,433,684.24	71,295.06	5,362,389.18
<b>Nova Scotia</b>				
Amherst .....				
Barrington .....	2,016.79	116,424.15	1,841.98	114,582.17
Guysboro' .....	1,036.00	116,039.65	457.12	115,582.53
Halifax.....	31,525.01	2,574,980.94	30,362.41	2,544,618.53
Kentville .....	3,135.84	247,393.85	3,313.24	244,080.61
Lunenburg.....	3,933.00	444,756.92	4,796.88	439,960.04
Pictou .....				
Port Hood.....		84,744.97	765.00	83,979.97
Shelburne.....	1,793.00	233,875.61	1,689.22	232,186.42
Shelbrooke.....	360.00	100,629.72	2,105.00	98,524.72
Wallace .....	1,551.00	140,561.51	899.92	139,661.59
Totals.....	171,550.05	13,648,865.00	169,564.38	13,479,300.62

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Capital Paid up	- - - -	\$16,000,000
Rest	- - - -	\$16,000,000
Undivided Profits		\$1,557,034
Total Assets	- - - -	\$386,806,887

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INCORPORATED 1855

Dividend No. 144.

Notice is hereby given that a DIVIDEND OF TWO AND THREE-QUARTERS PER CENT. for the current quarter, being at the rate of ELEVEN PER CENT. PER ANNUM upon the Paid-up Capital Stock of the Bank, has this day been declared, and that the same will be payable at the Bank and its Branches on and after the 1st day of September next, to Shareholders of record at the close of business on the 15th day of August next.

By order of the Board,

THOS. F. HOW,  
General Manager

The Bank of Toronto, Toronto,  
July 18th, 1917.

ESTABLISHED 1875

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## POINTS ABOUT THE INCOME TAX

Foreign Corporations Will Pay on Earnings Here—  
Speech of the Finance Minister

We should not be known to the outside world as a country of heavy individual taxation. This was the opinion expressed by Sir Thomas White, finance minister, in his speech in the House at Ottawa last week. "Hitherto," said Sir Thomas, "we have relied upon duties of customs and of excise, postal rates and other miscellaneous sources of revenue. It is true that since the outbreak of the war we have adopted the business profits war tax act which is a measure of direct taxation akin to income taxation, but not so wide in its scope. The Dominion government, under the provisions of the British North America Act, is empowered to raise revenue by any mode or form of taxation, whether direct or indirect. On the contrary, the provinces, and, by consequence, the municipalities which derive their taxation powers from the provinces, are confined, in the raising of their revenues, to measures of direct taxation. For this reason, in the past and since the outbreak of the war, I have hesitated to bring down a measure of federal income taxation. The provinces and municipalities are confined to direct taxation, and I have not regarded it as expedient, except in case of manifest public necessity, such as exists at present, that the Dominion should invade the field to which the provinces are solely confined for the raising of their revenue.

**Cost of Administration.**

"There is a further fact, Canada is not a country of concentrated wealth. We have a sparse population of 8,000,000 people, scattered over an immense territory as large in area as the United States of America, almost as large as the continent of Europe. The result of that is that the cost of administration of an income tax measure will be quite substantial, and the cost of administration is always a factor which should be had in mind in connection with the imposition of taxation. Generally speaking, if the cost of administration of a tax is disproportionately heavy, it is not a good tax. I do not say that the cost of administration of such an income tax as I shall propose to-day will be unduly heavy, but the fact that we shall have to cover the entire Dominion in our administration of the measure has been an element to which I have given some thought when the matter of income taxation has been under my consideration and the consideration of the government in the past.

"Furthermore, Canada has been and will continue, during the lifetime of those present here to-day, to be a country inviting immigration. I have, therefore, thought it desirable that we should not be known to the outside world as a country of heavy individual taxation. There is another feature which has had some influence with me in hesitating to bring down an income taxation measure, and that is the fact that the people of this country, from the very outbreak of the war, have been most generous in contributing from their incomes to the Patriotic, Red Cross and other funds connected with the war.

**Cost of Living.**

"In framing these proposals we have had regard to certain conditions. In the first place, we must not be blind to the fact that the cost of living has materially, and indeed, greatly increased in this country, as it has all over the world since the outbreak of this war, and that has a bearing upon the question of the exemption which should be allowed in an income tax measure. We have also borne in mind the fact that in most of the provinces of the Dominion there is a municipal tax upon income more or less heavy, running as high as 2 or 3 per cent. In addition to that, there is in some of the provinces a direct income tax levied by the province itself. So we must bear in mind that when this measure becomes law the people of this country whose incomes make them subject to the several income taxation laws in force in Canada, will be liable to three different sets of income taxation—first, income taxation by the municipality, secondly, income taxation by the province, and thirdly, income taxation by the Dominion.

**Inviting Immigration.**

"There is another matter which I have thought proper to bear in mind, and that is the existing income taxation in the United States of America. For 3,600 miles the territories of the two countries adjoin, and there is a continual flow of population over the border. We are inviting immi-

gration to this country; we are inviting those of good character and capability from all nations in the world to make their home in Canada. The United States and ourselves occupy the northern half of this continent, and I think it would be undesirable, except for the gravest reasons of national necessity, that our income tax should be substantially heavier than that in force in the United States. The American measure which I have had in mind for the purpose of comparison only when drafting this bill is the measure which is now before Congress, and which provides for a very much heavier degree of taxation than is provided for by their existing legislation, or by the legislation which existed before the outbreak of the war.

"In a measure of income taxation we should consider first, what amount of exemption should fairly be allowed. On the one hand, we must be careful that the entire burden of the taxation is not borne by a particular class, and on the other hand, we must see to it that our taxation is not oppressive to those whose incomes are barely sufficient to enable them to sustain the burden of the cost of living as it is to-day. It has appeared to us that it would be proper to fix the limit of exemption at \$3,000 in the case of married persons, and \$2,000 in the case of unmarried persons and widowers without dependent children. So that, so far as this measure is concerned, a married man who has an income of \$3,000 or less will not be subject to its provisions. An unmarried man, or a widower without dependent children, having an income of \$2,000 or under will not be subject to its provisions.

**A Graduated Tax.**

"We have also thought it advisable to adopt the principle of graduated tax. Within certain limits of income it is proper that an income tax should be uniform, but when we reach the higher salaries I regard it as just and proper that the rate of taxation should increase as the scale of income increases. Our proposals are therefore as follows:—

"We propose to levy an income tax of 4 per cent. upon incomes exceeding \$2,000 per annum in the case of unmarried men and widowers without children, and exceeding \$3,000 in the case of other persons, and in addition thereto a supertax of 2 per cent. upon the amount by which the income exceeds \$6,000 and does not exceed \$10,000; and 5 per cent. upon the amount by which the income exceeds \$10,000 and does not exceed \$20,000; and 8 per cent. upon the amount by which the income exceeds \$20,000 and does not exceed \$30,000; and 10 per cent. upon the amount by which the income exceeds \$30,000 and does not exceed \$50,000; and 15 per cent. upon the amount by which the income exceeds \$50,000 and does not exceed \$100,000; and 25 per cent. upon the amount by which the income exceeds \$100,000.

"The following statement will show how this tax works out in concrete cases:—

Income of	Unmarried men and widowers without dependent children, exempt \$2,000.	All other persons exempt \$3,000.
\$ 4,000	\$ 80	\$ 40
5,000	120	80
7,000	220	180
10,000	400	360
12,000	580	540
15,000	850	810
20,000	1,300	1,260
30,000	2,500	2,460
50,000	5,300	5,260
75,000	10,050	10,010
100,000	14,800	14,760
150,000	29,300	29,260
200,000	43,800	43,760

**Definition of Income.**

"Income is the net profit or gain arising from any business in which a person, as defined in the act, is engaged—salary, income, investment whether stock, mortgages, or otherwise. In other words, we have endeavored to give a definition of income as wide as possible so that everybody in Canada shall be subject to the tax, provided the income is over the amount of exemption.

"'Income' means any income, not deducting living expenses. If a man has a business and his gross receipts are, say, \$100,000, but his operating and under expenses are \$50,000, the income would be \$50,000. You cannot tax a man on his liabilities.

"In connection with a man's own business municipal and provincial taxes will be deducted; in connection with a man's

# THE BANK OF BRITISH NORTH AMERICA

Established in 1836. Incorporated by Royal Charter in 1840

Paid-up Capital - \$4,866,666.66  
Reserve Fund - \$3,017,333.33

**HEAD OFFICE**

5 GRACECHURCH STREET, LONDON.

**Head Office in Canada**

**ST. JAMES ST., MONTREAL**

H. B. MACKENZIE, General Manager

ADVISORY COMMITTEE IN MONTREAL:

SIR HERBERT B. AMES, M.P.  
W. R. MILLER, Esq. W. R. MACINNES, Esq.

This Bank has Branches in all the principal cities of Canada, including Dawson (Y.T.), and Agencies at New York and San Francisco in the United States. Agents and Correspondents in every part of the world.

Agents for the Colonial Bank, West Indies

Drafts, Money Orders, Circular Letters of Credit and Travelers' Cheques issued negotiable in all parts of the world.

**Savings Department at All Branches**



# THE BANK OF NOVA SCOTIA

Capital paid-up - \$ 6,500,000  
Reserve Fund - 12,000,000  
Total Assets - 110,000,000

**HEAD OFFICE - HALIFAX, N.S.**

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JOHN Y. PAYZANT, President  
CHARLES ARCHIBALD, Vice-President  
G. S. CAMPBELL J. WALTER ALLISON  
HECTOR McINNES HON N. CURRY  
JAMES MANCHESTER W. W. WHITE, M.D.  
S. J. MOORE W. D. ROSS  
HON. M. C. GRANT

**General Manager's Office, Toronto, Ont.**

H. A. RICHARDSON, General Manager.  
J. A. McLEOD, Asst. General Manager.

**BRANCHES IN CANADA**

30 in Nova Scotia 33 in New Brunswick  
7 in Prince Edward Island 10 in Quebec  
67 in Ontario 14 in Western Provinces

**IN NEWFOUNDLAND**

Bay Roberts	Brigus	Catalina	Harbor Grace
Bell Island	Burgeo	Channel	St. John's
Bonavista	Burin	Fogo	" East End
Bonne Bay	Carbonear	Grand Bank	Twillingate
		Wesleyville	

**IN WEST INDIES**

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**

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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,  
Toronto, July 18th, 1917. Acting General Manager

own income I should say no, however that is a question which we will have to deal with a little more fully in committee. This measure applies to the income of the present year. It provides for returns by all parties subject to the tax before February 28 of next year. There are a number of exemptions under the act, mostly of those institutions that do not operate for gain.

"The House is aware that liability to the business profits war tax act of 1916 and the amendment thereto of this year comes to an end on December 31 this year, and it is not the intention to renew that measure. When that measure was imposed it was retroactive to the extent of one year, so that in 1916 firms and companies subject to its provisions paid in respect of their profits of 1915; those liable on account of their profits in 1916 paid this year and those liable in respect of any accounting period falling in during this year, 1917, pay the tax next year. I think it is only just and proper that those who pay the very heavy business profits tax—much heavier than this tax—upon an accounting period falling in during the present year should not be called upon to pay this income tax unless it chances to be heavier than the tax they are paying. The result of that view is that we shall exempt from the taxation which would be payable by such firms and companies under this measure the amounts paid by any taxpayer under the business profits war tax act, 1916, and any amendments thereto for any accounting period ending in the year 1917. In the case of a partnership, each partner shall be entitled to deduct such portion of the tax paid by the partnership under the business profits war tax act, 1916, as may correspond to his interest in the income of the partnership. In addition to that, we provide that taxpayers shall be entitled to deduct from the amount which would otherwise be payable by them for income tax under this measure the amount paid by them for taxes during the year 1917, and in any year thereafter, under the provisions of part 1 of the special war revenue act, 1915. That means that if the taxation under the special war revenue act, 1915, is greater than the income tax, they pay the greater taxation, but if, on the other hand, this income tax is greater than the tax to which they are now subject, they are permitted to deduct from the income taxation the tax to which they are liable under the special war revenue act, 1915.

#### Levy Tax on Corporations.

"We are providing in the legislation also that we shall levy an income tax on corporations and joint stock companies earning an income exceeding \$3,000. In England there is no supertax upon companies, but their shareholders are liable to it. We are providing by this measure that joint stock companies and corporations shall be subject to a tax of 4 per cent. Their shareholders are liable not only to the tax of 4 per cent. but to the supertax. But, in estimating the income of any person subject to the tax, we credit him with the amount which has been paid by the company from which he derives dividends under the provisions of this act, the idea being to avoid double assessment. That question gives a great deal of difficulty. In Great Britain they have not imposed a supertax upon corporations or companies. In the United States they have an income tax called the normal tax to be paid by corporations and joint stock companies. They provide—and we have similarly provided—that, while the shareholders of these companies are subject to the supertax, the amount of the normal tax shall be deducted from their income. Only the amount which they receive from the com-

panies is liable to the tax. It will be obvious to the committee that it is not possible to impose the supertax upon a company, much as we should like to do so, for this reason: Take a company that is owned by hundreds of shareholders, that has a capital of \$1,000,000 and that earns 6 per cent.; it would have an income of \$60,000. Take another company with \$2,000,000 capital and which earns 6 per cent.; it has an income of \$120,000. Although both derive 6 per cent., if you applied the supertax, because the income of the \$2,000,000 company is larger than that of the \$1,000,000 company, you would make one set of shareholders pay so much more than another set of shareholders. Accordingly, we get over the difficulty by making joint stock companies and corporations subject to a 4 per cent. tax, called the normal tax, and then we make their shareholders liable to a supertax giving them an allowance equivalent to the normal tax upon the dividend that they derive from such companies.

"Foreign corporations will pay in respect to their earnings upon their business in this country.

"In the case of a resident of Canada, if he was taxed in respect of his dividends in a foreign country, he would be entitled to deduct the amount of such taxation from his income for the purpose of ascertaining the amount on which he should be assessed here. So far I have not been able to reach a conclusion, that he should be allowed to deduct the amount of such tax from the taxation which he would pay upon his entire income.

#### Taxation of Aliens.

"I do not see how we can hold an alien liable unless we provide to cut off a portion of his income at his source and that would raise questions as to what his real income was and as to whether it was proper to do that. This bill will not apply to aliens unless they are living in Canada.

"We must bear in mind that we must not be too astute or too eager to tax an alien in respect to the small investments he may have made in Canada. I would fear that too stringent taxation in that regard would deter men from investing in this country—and we want investment.

"I have placed no time limit upon this taxation measure; but I do suggest, that after the war is over this taxation measure should be deliberately reviewed. What I have in mind is this: In the period after this war, as in the past, we will continue to invite people to come to this country. We shall need men of enterprise, men of ability, to bring in capital and develop our immense undeveloped resources. In reviewing this measure after the war, I think consideration should be given to the question whether the taxation is so heavy that it would operate to prevent men of that type from coming to this country and giving us the benefit of their enterprise and their capital and their ability. I have placed, as I stated, no time limit upon the measure. We cannot see very far ahead in these days. We do not know how long this war will last. We do not know what the attitude of the people of this world or of this country will be upon many questions, social, industrial, financial and fiscal. Therefore I have placed no time limit upon this measure, but merely have placed upon Hansard the suggestion that, a year or two after the war is over, the measure should be deliberately reviewed by the minister of finance and the government of the day, with the view of judging whether it is suitable to the conditions which then prevail.

"It is almost impossible to do more than guess at the amount of revenue expected from this income taxation, because we have never had a tax of this kind in Canada; but roughly speaking, we hope to get \$15,000,000 or \$20,000,000 a year at least.

#### Substantial Incomes Should Contribute Substantially.

"For a considerable period after this war broke out the business and industrial interests of this country were greatly dislocated, and I cannot imagine anything that would have been more unwise, in 1915 at least, than to have brought in an income tax measure, because at that time owing to the dislocation which prevailed on account of the war it would have been a most serious and discouraging burden upon the people of this country. We had a pretty prosperous year in 1916, and I brought down the business profits tax, which is giving us a very handsome revenue. The idea of that was to take a portion of the abnormal profits earned by firms and companies during the war. This year we increased that tax, and having regard to the financial condition of the country at the time I brought down the budget, having regard to the fact that our revenues from all sources enabled us to pay all ordin-

## To a Salesman who pre- fers 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.

**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 78 Cornhill, E.C.

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

— 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.

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ANTIGUA—St. John's; BAHAMAS—Nassau  
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GRENADA—St. George's; JAMAICA—Kingston;  
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Princes Street, E.C.

NEW YORK CITY

Cor. William and  
Cedar Streets.

Business Accounts carried upon favorable terms.  
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**The Standard Bank of Canada**

Established 1873 130 Branches

Capital (Authorized by Act of Parliament) .....\$5,000,000  
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. EASSON, General Manager.  
J. S. LOUDON, Assistant General Manager.

SAVINGS BANK DEPARTMENT AT ALL BRANCHES

AUSTRALIA and NEW ZEALAND

**BANK OF NEW SOUTH WALES**

(ESTABLISHED 1817)  
AUSTRALIA

PAID UP CAPITAL -		\$ 18,526,600.00
RESERVE FUND -		13,625,000.00
RESERVE LIABILITY OF PROPRIETORS		18,526,600.00
		\$ 50,678,200.00
AGGREGATE ASSETS 30th SEPT., 1916		\$277,488,871.00



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.

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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.

ary expenses, all capital and special expenses, all the increased interest charges due to the war, and all pensions, and still have left some \$70,000,000 to devote to the payment of principal on war expenditure, I thought it inexpedient and unnecessary to bring in an income tax measure. But, with this new measure now adopted by the House, and having regard also to the fact that by reason of the compulsory provisions of that measure there exists a just and proper sentiment that those who have substantial incomes should contribute substantially to our growing expenses of the war, I felt this to be a proper measure to bring in at this time.

"There are many men who are unmarried because they have others dependent upon them. I do not believe there are very many single men without dependants who have large incomes. There are many unmarried men who have incomes of \$2,000, \$3,000 or \$4,000 who have many dependants upon them that the public know nothing about. I know of many such cases. I thought if we made a distinction of \$1,000 between the unmarried men and the married men, in favor of the latter, that it would be a fair distinction. When I was in Washington I made some inquiry about the reduction of the exemption limit from \$4,000, which is the limit under the existing legislation to \$3,000, and from \$2,000, to \$1,000, and I may say it is felt there that they have gone quite a distance in reducing the exemptions to \$2,000 and \$1,000 respectively. I know this is a subject on which differences of opinion may exist, but, having regard to the cost of living and to the fact that a married man has dependants, and that many single men have dependants, and for that reason do not marry, I felt if we fixed the exemptions at \$3,000 and \$2,000 it would be about fair play.

"In the United States the corporations are liable to the normal tax, while their shareholders are liable to the general measure of taxation, which embraces both the normal tax and the supertax. Therefore, in this regard, our taxation follows the same principle as the British and the American taxation."

#### AN UNDERWRITING WANTED

On page 33 of this issue will be found an advertisement headed "An Underwriting Wanted." Any of our readers who are interested in the matter are advised to get into touch in the first instance with Jas. J. Salmond, president and general manager, *The Monetary Times*, 62 Church Street, Toronto.

#### BRITISH EXCESS PROFITS TAX

They do some things better in Canada than in the mother country, says Canada, of London. There the necessity of providing funds for meeting war expenditure has driven the treasury to take a very substantial slice out of the abnormal profits of those profiting by the war. No fault can be found with this, but the incidence of the tax has aroused much criticism, and Mr. Bonar Law has been hard driven to justify the taxation procedure in connection with an impost which undoubtedly does not sufficiently differentiate between old-established companies earning large profits before the war which are able to maintain them, and those at the opposite end of the scale which have been able to slightly increase them. Canada has decided to alter its own war profits tax drastically. At the end of the three years covered by its first excess profits legislation it will take from all companies one-half of all profits between 15 and 20 per cent., and 75 per cent. of those exceeding 20 per cent. This is in sharp contrast with the system now in operation in the mother country. The company earning 20 per cent is able to distribute 10 per cent. to its shareholders, who should be well content with such a return in war time, seeing that the company which earned 5 per cent. here before the war, and has since increased it to 7 per cent., has, in addition to its ordinary contribution to the exchequer, to pay over 80 per cent. of its additional 2 per cent., leaving only one-fifth of 1 per cent. to be divided amongst its unfortunate shareholders. On the other hand, a company which was earning 25 per cent. before the war, and is now enjoying such phenomenal prosperity that it has doubled its profits, is able to divide no less than 30 per cent. It is this inequity in the incidence of the British excess profits tax which has aroused so much justifiable criticism and bitterness amongst those who are holders of shares which paid small dividends before the war, and have only been able to increase them in a moderate degree since the new taxation became operative.

## CANADA CAR REQUIRES LARGE BANK LOANS

### Heavy Production in Hand—Question of Dividend Payments Must Be Held in Abeyance

Four matters were raised by shareholders at the annual meeting of the Canadian Car and Foundry Company last week, viz., a possible dividend, the reason for the big deficiency in the earnings for the year, the closing of the New York agency and the possibility of more frequent reports. The Montreal Gazette states that to the first question the president, Senator N. Curry replied that the company would 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 pointed to increasingly severe monetary conditions this coming autumn and winter, the directors believed that the question of dividend payments must be held in abeyance until the assets of the company were in a more liquid position.

#### Requirements of Shell Production.

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 munition board. It had and was at the present time making fair profits, but had been compelled to put its profits into the business.

Prices of materials ran from 100 to 300 per cent. above normal prices and inventory requirements were very burdensome. The combined inventories of materials at the various plants aggregated over \$6,000,000 to-day and this sum would be greatly increased when the Fort William plant was in full operation.

Mr. W. A. Shackman, of New York, asked how the directors accounted for the fact that the profits for the whole year amounted to only \$353,000, when the earnings for the first six months of 1916 amounted to \$389,999, and was informed that this was due to unforeseen difficulties in connection with the erection and shipment of cars to Europe. Mr. Michael Connolly then asked if the balance sheet for the first six months of the current year could be had, and that the meeting be adjourned until it could be provided. Senator Curry explained that the present meeting was to review last year's work, and that the directors had a vague idea only of the earnings for the period mentioned.

#### About the Russian Business.

Speaking of the Russian business, the president stated that the company had no work in hand at the present time for that government, and that the trouble with last year's orders was caused by a fire at the Kingsland plant that destroyed it absolutely. Fortunately, however, for the company, a great deal of the loss had to be borne by the Russian government. The president further stated that during the operation of the Russian contracts, over three and a-half million dollars of the company's working capital had been engaged thereon, and that while this money had since been returned, it had been required by the present company for purposes of liquidation of bank advances, etc.

Amongst the items mentioned in connection with the working of the company, the president stated that it was true the Amherst plant was working at a loss, but that if it were not working, the loss would be greater still. He stated also, in reply to a question, that the New York business should be concluded by the end of September, and that in connection with the Russian business, there were no more commissions due. They had been taken care of, and the company had received \$750,000 for 7,500 shares of stock.

Regarding the general business in the books of the company, the president 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 \$2,500,000. 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."



# 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

BRANCHES		
ALBERTA	Hamilton	Toronto
Calgary	" Market	" Queen St. W.
Camrose	James & Barton	" West Toronto
Edmonton	Hensall	Trenton
Lethbridge	Highgate	Wales   Waterloo
BRITISH COL- UMBIA	Iroquois	Williamsburg
Revelstoke	Kingsville	Woodstock
Vancouver	Kirkton	Zurich
" East End	Kitchener	QUEBEC
MANITOBA	Lambton Mills	Arthabaska
Winnipeg	London	Bedford
" Portage Av.	Lucknow	Chicoutimi
ONTARIO	Meaford	Cowansville
Alvinston	Merlin	Drummondville
Amherstburg	Morrisburg	Foster
Aylmer	Norwich	Fraserville
Belleville	Ottawa	and Riviere du Sorel
Brockville	Owen Sound	Loup Station
Brucefield	Port Arthur	Sutton   St. Cesaire
Chesterville	Ridgetown	St. Ours
Clinton   Delhi	Simcoe	Lachine
Dutton   Drumbo	Smith's Falls	Lachute   Matane
Exeter   Forest	St. Mary's	Mont Joli
Formosa	St. Thomas	Montreal
Frankford	" East End	" St. James St. Victoriaville
	Teeswater	" St. Catherine Ville St. Pierre
		St. Waterloo

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.

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**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

The cordial relations which exist between our clients and ourselves result from the consistent practice of courtesy on the part of our staff.

Head Office

King and Bay Streets, Toronto

31

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

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# BANK OF HAMILTON

HEAD OFFICE, HAMILTON

CAPITAL AUTHORIZED .....	\$5,000,000
CAPITAL PAID UP .....	3,000,000
SURPLUS .....	3,500,000

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## CANADA'S PULP WOOD INDUSTRY

### Demand for Pulp and Paper During Recent Years Cause of Present Rapid Growth

The steady growth of the pulp and paper industry in Canada, practically since its inception, was continued in 1916, says a statement of the forestry branch, Ottawa. Forty-nine firms reported their mills as active in 1916 as compared with fifty firms in 1915, but the total consumption of pulp-wood and total value of the wood used rose much above the preceding year. These facts are brought out in the figures below:—

Year.	Total consumption. Cords.	Total value. \$
1908 . . . . .	482,777	2,931,653
1909 . . . . .	622,129	3,464,080
1910 . . . . .	598,487	3,585,154
1911 . . . . .	672,288	4,338,024
1912 . . . . .	866,042	5,215,582
1913 . . . . .	1,109,034	7,243,368
1914 . . . . .	1,224,376	8,089,868
1915 . . . . .	1,405,836	9,426,217
1916 . . . . .	1,764,912	13,104,458

Of the five provinces engaged in this industry, three greatly increased their production and two fell behind last year. Those which increased in production were Quebec, Ontario and British Columbia, and those which showed decreases were New Brunswick and Nova Scotia. This change brings British Columbia back into third place, which it occupied in 1914.

#### Spruce and Balsam Head List.

As in the past, spruce heads the list of the different kinds of wood used with 68.2 per cent. of the total, followed by balsam fir with 24.5 per cent. This represents a gain of about 2½ per cent. in balsam fir and almost a corresponding decrease in spruce. Each of the remaining woods, hemlock, jack pine and poplar, forms less than 5 per cent. of the total.

The Canadian pulp mills in 1916 consumed for the manufacture of pulp in Canada 1,764,912 cords, valued at \$13,104,458, while 1,068,207 cords, valued at \$6,866,669, were exported, making a total production of 2,833,119 cords, valued at \$19,971,127. This represents an increase of 25.5 per cent. in pulpwood production and 28.1 per cent. in total value as compared with 1915. This great increase is due to the tremendous demand for pulp and paper caused by the war conditions of the preceding two years. The average value of pulpwood at the mill increased 71 cents per cord over that of 1915. All the provinces show increases in the value of pulpwood except Ontario and British Columbia.

#### Pulpwood Production Increases.

Approximately 1,296,084 tons of air-dry pulp were made in Canada in 1916. This is on the basis that one cord of wood produces one ton of ground-wood pulp or one-half ton of chemical fibre. This is a total increase of 20.6 per cent. over 1915. The increases shown by the different processes were: ground-wood pulp, 11.2 per cent.; sulphite process, 54.6 per cent.; sulphate process, 9.3 per cent.; and soda process, 23.1 per cent. Spruce and balsam fir are used in all provinces and in all processes. Hemlock and poplar are not reported from New Brunswick and Nova Scotia. Jack pine was used only in Ontario and Quebec, and most of it was used in the sulphate process.

#### Process of Conversion.

In regard to the process by which the wood is converted into pulp, it is to be noted that while the mechanical, or ground-wood, process was the single process most largely used, the three chemical processes, for the first time in Canada, together consumed more wood than the mechanical, the totals being: chemical processes 937,654 cords and mechanical process 827,258 cords. While a slight increase was made by the soda process and a considerable increase by the sulphate process, the notable change during the year was the increase made by the sulphite process from 470,949 cords in 1915 to 727,945 cords in 1916. An increased quantity of wood was converted into pulp by each of the four processes.

The exports of wood-pulp from Canada show alternate increases and decreases practically every year from 1909 to 1916. The total export in 1915 decreased 14.3 per cent., while in 1916 it showed the remarkable increase of 53.4 per cent. The exports to the United States show a gain of 148,263 tons.

Exports to Great Britain increased from 18,488 tons to 51,072 tons and to France from 18,335 tons to 31,821 tons. There was not much change in the business to other countries except that Spain, which was not an importer of Canadian pulp in 1915, took 1,737 tons in 1916.

## BANK RESOURCES SEVERELY TAXED

### Canadian Borrowers Asked to Assist in Conserving— Public Can Help

The current number of the Canadian Bankers' Journal contains a leading article on the outlook for the money markets this autumn, which, while not official, will be generally regarded as representative of expert banking opinion upon the matter. The Canadian loan in New York has occurred since the publication of the article, but it is unlikely that the views of bankers have been changed much by this assistance which was accepted:—

"With the tightening of the money markets here and in New York," says the Journal, "it is becoming increasingly apparent that the resources of the Canadian banks will be severely taxed by the requirements of the business interests of the country, and the special governmental demands upon them, Imperial as well as Canadian, arising out of the war.

#### Business Must Go On.

"While the successful prosecution of the war is the immediate purpose to which all other considerations are secondary, it does not necessarily follow, in the opinion of economists, that all available cash resources are to be unreservedly turned into war channels. The duration of the war is an uncertainty, and if business is crippled and profitable manufacturing production is paralyzed by withdrawal of the necessary capital, there will very shortly be an end of money for the war itself. Britain has maintained her financial position and consequent ability to maintain her increasing armies in the field by exports increased in annual volume since the war began. Canada and the Canadian banks cannot ignore at this juncture this object lesson of British financial management. The creation of wealth is the correlative of its conservation if Canada and the banks are to 'carry on' financially until the end of the struggle.

#### Against Over-Stocking.

"There are two principal reasons why Canadian bankers should warn their friends, the merchants and manufacturers of the Dominion, against over-stocking. First, the outlook for trade in Canada after the war is obscure to a greater degree than ever before, and manufacturers and merchants must guard against finding themselves with goods on hand produced under fictitious conditions as regards cost of labor and material, for which there may be little demand, even at heavy loss. The second reason Mr. E. F. Hebden gave in his timely hint as to how the commercial demand for discounts might be diminished to a certain extent without appreciably cutting down our productive capacity, in his address to the Merchants Bank shareholders on June 6, when he referred to 'the unreasonable buying and storing of raw material far ahead, and excessive contracting in advance on borrowed money,' practised by some clients of the banks.

#### Public Can Help.

"There has not yet been serious pinching in the matter of money supplies, and if customers generally recognized it as a patriotic duty to limit their demands for loans there will be a better chance of avoiding or escaping a prolonged stringency; at the same time the banks will have a freer hand in extending financial support to the government. By way of illustration it might be said that the general public can help, in this matter of conserving the money resources of the country, by postponing extensions to plants and machinery which could be profitably operated, but which can wait—this does not, of course, refer to war industries; buying only such goods as are needed to carry on business, and not stocking up beyond present needs in the hope of gain through a further increase in price; avoiding special operations which promise to be profitable, but might just as well be left alone.

"During this great crisis it is most important that the individual customers of the banks make some effort to discern the economic effect of the credit transactions which they submit to their bankers. Particularly in those transactions which merely promise personal gain without increasing Canada's production, should self-restraint be exercised."

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Foreign Branch Office: 8 Finch Lane, London, E.C. 3.

Subscribed Capital .. .. \$114,739,020

Paid-up Capital .. .. \$23,903,960

Reserve Fund .. .. \$20,000,000

Deposits (31st Dec., 1916) . \$873,103,620

Cash Reserve .. .. \$239,868,430

Sir EDWARD H. HOLDEN, Bart., Chairman.

## PREMIUM OR BONUS BONDS

### Plan to Divert More of the Nation's Money Into Government Channels

Cable advices from London state that the chancellor of the exchequer will probably be persuaded to try the experiment of a premium bond issue carrying a low interest rate, with graduated prices selected by drawings. It is reported that there is a great agitation in favor of the plan. "The outstanding fact regarding the present financing arrangements," reads the cable despatch, "is that the war loan at its present quotation yields more than the exchequer gives at par, hence the small sales of the latter and the suggestions that the interest on the exchequer's be raised." An issue of premium bonds would divert large funds to the benefit of the state, is the opinion of Mr. Stephen H. M. Killik, in a recent article in *The London Financial Times*.

"It may be well at the outset," says Mr. Killik, "to state emphatically that what are known as premium bonds are in no sense lotteries according to the usually accepted definition of the word. What is commonly understood as a lottery is a participation in a fund, which may be represented by cash or articles of value, for the privilege of which the participant pays a sum of money. This payment is entirely lost if no portion of the fund falls to the lot of the participant, and the effect upon the investor of small means may be to quickly exhaust his resources.

"A premium or bonus bond may be described as a bond entitling the holder to a participation in a financial operation in regard to which the capital invested is secured, but bearing a rate of interest lower than that current for a similar transaction to which the attraction of obtaining a premium or bonus is not attached. The difference between the ordinary rate of interests and the lower rate paid on the premium bonds is used for the purpose of providing premiums or bonuses, to be allotted by periodical drawings, and for paying the expenses of management.

#### War Loan as a Premium Bond.

"The five per cent war loan, which was issued at 95, is repayable at 100 any time on or after the 1st June, 1929, and must be redeemed at that price by the 1st June, 1947, so that to that extent it is a premium bond. A portion of the premium bond issue to which attention is here directed would be redeemable at an increase on the issue price by periodical drawings during the currency of the loan. The essential difference between the two issues is that in the one case the premium is distributed among all the holders at the date of redemption pro rata to their holdings, while in the other the premiums can only be gained by a comparatively small number of holders."

Mr. Killik continuing says: "The most important statement in the communication referred to is the expression of opinion that, 'we are convinced that it would be productive of an insignificant sum altogether out of proportion to the loss of prestige in this country which would be the inevitable result.' The sum which would be realized by such an issue is, of course, largely a matter of conjecture, but most financial experts will, we think, incline to the opinion that a very considerable sum, and one which it would be the height of folly to disregard, would result. To those who say that we cannot afford to try the experiment it may be replied that we cannot afford not to try it.

#### Speculation Basis of Business.

"Speculation is the basis of all business transactions. The shopkeeper in buying goods to resell to his customers speculates on their tastes and desires; to the manufacturer speculation is an important factor in his success. The successful conduct of a manufacturing business is largely dependent on the manner in which the raw materials are purchased. The manager of the business must have knowledge of the conditions which govern the prices of the materials which he uses in his manufactures. If they are purchased on favorable terms he is naturally in a better position to dispose of his goods and can compete to advantage with those whose materials have been acquired at higher prices. He must, therefore, use his business knowledge in buying greater or less

quantities in accordance with the conditions which, in his judgment, will affect the course of prices.

"At the present time, when the working man is, in spite of the increased cost of living, probably earning more money than ever before, his surplus is employed in the purchase of useless and often stupid luxuries. An issue of premium bonds would divert a large proportion of this money to the benefit of the state.

"The most potent objection to an issue of this description, is that the gaining of a comparatively large sum of money by an exceptional turn of good fortune might lead to improvidence and the development of gambling. No doubt evidence in favor of this assumption could be adduced, but it is equally certain that examples could also be brought forward where the recipients of substantial sums, under like conditions, had thereby been enabled to so lay the foundation of an honorable and prosperous career to the benefit of the community as well as the individual. It has also been objected that the present facilities for the investment of small amounts in exchequer bonds and war savings certificates are sufficient to absorb all the funds available from the sources which it could be hoped would be attracted by an issue of premium bonds.

#### Potential Investing Power.

"The amount of exchequer bonds purchased through the post office in small sums is not separately stated, but it cannot be large. Through the instrumentality of the various war savings associations, a total of £82,500,000 had been collected up to 16th June, 1917, a period of about two years, and this sum, it must be remembered, includes a large number of subscriptions from investors of means who have acquired a certificate for £500 on account of the freedom from taxation attaching to subscriptions up to this amount. It must, of course, be a matter of opinion and judgment as to whether premium bonds would induce a much larger subscription. For the reasons already set out, it is submitted that the response would be much greater, and there is a large and growing preponderance of expert opinion in favor of this view.

"Has it ever been considered that of the millions of money being spent daily on the manufacture of munitions and other war requisities a largely preponderating percentage is absorbed by labor? It is unnecessary to attempt to estimate the vast sum that is thus being daily transferred into the pockets of the working classes, but the potential investing power must obviously be enormous, and the proportion which finds its way into government channels is ludicrously small.

"In support of the view that a preponderance of expert opinion is in favour of premium bonds we may point to the very favorable views expressed to the late government by an important deputation of business men, headed by Sir William Plender, the acknowledged leader of the accountancy profession.

#### Where Small Investor Benefits.

"To the man with £5 to invest it is little inducement to offer him interest at the rate of 5 per cent. on his investment, or the sum of 5s. per annum. The offer of interest at the rate of even 10 per cent., which would amount to 10s. a year on £5, would be almost equally unattractive. If, on the other hand, he is given the opportunity of investing in a bond of £5, with interest at the rate of 2 or 2½ per cent. per annum, or even with no interest at all, but carrying a participation in periodical drawings, with a chance of obtaining a substantial bonus, together with the knowledge that his capital will be secure, you place before him a proposal which will receive his enthusiastic support. He would thus be induced to become a capitalist instead of a spendthrift.

"It is advanced in some quarters," says Mr. Killik in conclusion, "that an issue of premium bonds would have the effect of inducing small investors to withdraw their money from war savings certificates to invest in the new security. This fear, if it really exists, is obviously a strong argument in favor of the attractiveness of premium bonds. If, however, the effect should be to divert some money from war savings certificates to a premium bond issue, this would really be to the advantage of the government, for it would be converting certificates which are repayable on demand into a security which would be repayable only over a period of years. In other words, it would convert money at call into a deposit for a fixed term."

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Vice-President and Managing Director

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Secretary-Treasurer

Authorized Capital .. ..	\$ 1,000,000.00
Subscribed and Fully Paid .. ..	750,000.00
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Total Assets .. ..	15,000,000.00

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# June Bank Statement Records Big Deposits

Savings Deposits For the First Time Reach \$900,000,000 and Total Deposits at the End of June Stood at \$1,350,000,000—All Loan Accounts Showed Reductions During June.

	June, 1916.	May, 1917.	June, 1917.	Year's inc. or dec.	Month's inc. or dec.
Deposits on demand	\$428,117,340	\$443,839,847	\$449,689,670	+ 4.8	+ 1.1
Deposits after notice	767,593,130	892,562,657	900,510,552	+17.3	+ .8
Current loans in Canada	747,470,541	844,890,589	839,355,782	+12.3	— .4
Current loans elsewhere	60,081,584	98,993,197	93,150,083	+55	— 5.1
Loans to municipalities	46,773,032	39,790,191	42,757,673	— 8.77	+ 7.6
Call loans in Canada	86,776,474	78,514,798	76,085,220	—11.6	— 2.5
Call loans elsewhere	182,757,015	168,692,675	159,309,133	—15.5	— 5.3
Circulation	123,373,395	142,653,596	157,886,938	+27.6	+10.6

The above are the changes in the principal accounts of the chartered banks during June. The most striking change is in the savings deposits accounts which now stand at the highest total on record, namely, \$900,000,000. The gain for the month is about \$8,000,000. Concurrently there was an expansion of about \$6,000,000 in demand deposits, but deposits outside Canada contracted sharply, declining about \$29,000,000. Current and call loans at home and abroad were decreased during the month. There was a substantial increase of 10 per cent. in circulation. Loans to municipalities were increased, but show a decrease compared with the figures of a year ago.

The trend of the Canadian loans account for the past thirteen months is shown in the following table:—

Loans.	Current in Canada.	Call in Canada.
1916—June	\$747,470,541	\$86,776,474
July	740,040,741	87,355,648
August	739,938,513	86,351,216
September	752,545,756	88,145,851
October	774,928,222	90,412,023
November	813,791,947	89,395,370
December	820,378,557	82,569,983
1917—January	806,479,147	79,737,064
February	813,302,717	78,686,535
March	843,054,466	76,478,708
April	880,523,807	82,737,417
May	844,890,589	78,514,798
June	839,355,782	76,085,220

Current loans in Canada at the end of June were 12 per cent. greater than a year ago, but during June were reduced about \$5,000,000 or 0.4 per cent. This account was at its highest point in the past year in April, when the total was \$880,000,000. Call loans in Canada do not vary in volume to any great extent. They reflect fairly accurately the activities of the Canadian stock exchanges. In June, call loans were 2½ per cent. less than in the previous month.

The following table shows the course of the principal loan accounts during recent years:—

	Current loans in Canada.	Current loans elsewhere.	Call loans in Canada.	Call loans elsewhere.
1913	\$899,260,009	\$36,894,681	\$68,642,377	\$ 89,363,520
1914	838,276,428	46,186,854	67,401,481	137,120,167
1915	759,934,154	39,273,120	73,628,187	124,604,875
1916	747,470,541	60,081,584	86,776,474	182,757,015
1917	839,355,782	93,150,083	76,085,220	159,309,133

Current loans in Canada last June were considerably higher than in the same month of 1915 and 1916. They were about the same as in June, 1914, two months before the declaration of war. In some respects, therefore, business activity to-day, as reflected in this account, is somewhat similar to that just prior to the war's beginning. Current loans in June, 1913, were \$60,000,000 more than they were in

June last, so we have some way to go yet before we reach pre-war business conditions. Current loans abroad were greater in June last than in any previous year. This is probably accounted for by the larger place Canadian banks are taking in international finance and to the triangular financial arrangements of Canada, Great Britain and the United States which have arisen out of the war.

The course of call loans abroad for the period beginning two months before the declaration of war is of interest and is shown in the following table, compiled by *The Monetary Times*:—

	1914.	1915.	1916.	1917.
January	\$ 85,796,641	\$134,248,552	\$155,747,476	
February	89,890,982	139,138,651	162,344,556	
March	101,938,685	141,889,989	161,616,735	
April	121,522,971	147,146,443	159,156,054	
May	136,098,835	163,400,659	168,692,675	
June	\$137,120,167	124,604,875	182,757,015	159,309,133
July	125,545,287	117,821,174	177,121,733	
August	96,495,473	120,607,677	171,380,353	
September	89,521,859	135,108,412	173,877,586	
October	81,201,671	120,681,624	189,346,216	
November	74,459,643	135,530,562	183,250,389	
December	85,012,964	137,157,869	173,878,134	

Call loans abroad, while considerably higher, as might be expected, than in the financial panic days surrounding the declaration of war, are still short of the high totals of last year. In October, 1916, this account stood at \$189,000,000, or \$30,000,000 more than in June last.

Domestic deposits for the past thirteen months are as follow:—

	Deposits payable on demand.	Deposits payable after notice.
1916—June	\$428,117,340	\$767,593,130
July	431,958,188	789,363,919
August	443,317,275	806,774,687
September	454,148,949	816,374,171
October	489,230,234	814,297,404
November	459,277,454	836,593,260
December	458,208,417	845,006,717
1917—January	427,308,526	864,163,344
February	430,331,801	880,456,637
March	448,151,528	888,765,698
April	471,312,285	874,048,724
May	443,839,847	892,562,657
June	449,689,670	900,510,552

Still another notable addition to the volume of after notice deposits was made during June, that account increasing by about \$8,000,000. Although these deposits are usually considered to represent savings, there are considerable business deposits among them. Transfers from the demand to the notice deposits account have taken place, especially during the past year or so. At the same time, the bulk of the \$900,000,000 of notice deposits are conceded to be the savings of the people. These savings are increasing at a good pace, but

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Capital Subscribed .. ..	\$2,000,000.00
Capital Paid-up .. ..	1,200,000.00
Reserve and Surplus Funds ..	1,091,062.50
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Total Assets, \$3,244,596.44

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Dominion Government---June, 1917

LIABILITIES

Table of liabilities for Dominion Government as of June 1917, listing items like Loans from other banks in Canada, Deposits made by and balances due to other banks in Canada, etc., with corresponding dollar amounts.

A SETS

Table of Assets for Dominion Government as of June 1917, listing items like Dominion Government and Provincial Government securities, Call and short loans in Canada, Other current loans and discounts in Canada, etc., with corresponding dollar amounts.

T. C. BOVILLE, Deputy Minister of Finance.

LENDING COMPANIES ASK FAIR COMPETITION

That life insurance business prospects are excellent, was the opinion of Mr. James B. McKechnie, managing director of the Manufacturers' Life Insurance Company, of Toronto, in a recent interview given to the British Columbia Financial Times. Mr. McKechnie was asked for his opinion regarding provincial agricultural aid acts such as have been enacted by the legislatures of Manitoba and British Columbia, as they affect the farm loan investments of insurance companies. The companies, he stated, were not afraid of the competition of governments in regard to farm mortgages so long as this competition is fair. If government boards will charge up the expenses of making loans to farmers and offer their securities for sale on the basis of actual cost price to the government, then the insurance and loan companies which so heavily invest in this class of mortgage will welcome the competition.

But the companies are opposed to the cost of administration, valuation, etc., of such government boards being charged to provincial expenses and thus have the taxpayer foot the bill. This is class legislation in the interest of the farmer of an undesirable nature and in addition to upsetting investment conditions as they exist is economically unsound and cannot for that reason be permanent.

War losses, Mr. McKechnie stated, were not seriously affecting the companies. The war had increased slightly the ratio of loss to expectancy, but since the tables were made up on the basis of British experience and Canadian experience tended toward greater longevity, it simply meant a reduction in profit which Canadian companies could not reasonably anticipate or expect anyway. But extra premiums on war policies are generally counterbalancing war losses, so that no serious inroads are being made on insurance reserves of the companies by reason of policyholders' claims through the war.

**JULY MUNICIPAL BOND SALES**

**Total was Large on Account of Winnipeg Water District Issue**

The municipal bond sales in Canada for July, as compiled by *The Monetary Times*, amounted to \$3,814,489, compared with \$1,642,003 for June and \$1,485,225 for the corresponding month of last year.

Comparing the record of July, 1916, with that of the month just ended, the bond sales are as follow,—

	1917.	1916.
Sold in Canada .....	\$3,814,489	\$1,485,225
United States .....	1,030,000	354,000
	<u>\$4,844,489</u>	<u>\$1,839,225</u>

The July total was made substantial by the sale of \$3,000,000 5 per cent. 5-years Greater Winnipeg Water District bonds, approximately \$2,000,000 having been sold in Canada and \$1,000,000 in the United States. Outside of that issue, \$1,814,489 of municipal bonds were sold in Canada last month, Ontario sales contributing \$1,347,326 of that total.

The municipal bond sales in Canada the first seven months of the year, according to *The Monetary Times'* bond record, were as follow:—

	1913.	1914.	1915.	1916.	1917.
	\$	\$	\$	\$	\$
January.	1,337,500	1,953,137	1,784,947	1,909,441	1,969,256
February	1,038,806	5,995,336	3,047,011	1,419,909	458,874
March ..	335,492	5,123,176	2,572,357	2,027,741	229,013
April ..	3,693,857	2,847,953	8,603,094	1,979,852	430,974
May ..	880,630	6,400,755	3,464,281	2,649,000	1,375,039
June ..	2,435,726	4,617,857	2,395,744	4,428,100	1,642,003
July ..	1,591,924	2,180,758	1,618,422	1,485,225	3,814,489
Totals ..	11,313,934	29,118,072	23,485,856	15,899,268	9,910,648

The following are the details of sales in Canada during July:—

**Ontario.**

York Township .....	\$ 30,000	5½	25
Norfolk County .....	75,000	5	15
Ontario County .....	50,000	5½	10 & 20
St. Catharines .....	201,640	5, 5¼, 5½	10, 15 & 30
Lindsay .....	60,000	6	20
*Simcoe .....	39,477	5½	20 & 30
Thorold .....	40,400	6	30
Toronto Township .....	15,000	5½	20
Halton County .....	74,000	5	20
Prescott and Russell County.	50,000	6	20
Essex County .....	60,000	5½	10
Burlington .....	45,000	6	30
Mimico .....	97,000	6	30
Sudbury .....	30,000	5	12
New Toronto .....	40,000	5½	10 & 20
Kitchener .....	27,000	6	3 & 5
Petrolia .....	15,000	6	20
Preston .....	33,100	5½	10
East View .....	14,000	5½	5 & 20
†St. Thomas .....	39,700	5½	1-10
†Brockville .....	28,000	5½	5
Orillia .....	53,000	6	20
Carleton County .....	20,000	5½	..
Merrickville .....	27,000	6	18
Lambton County .....	54,000	5½	4
Barton Township .....	30,000	5	20
	<u>1,347,326</u>		

**New Brunswick.**

St. John .....	\$20,000	5	25
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**British Columbia.**

*Victoria .....	\$53,813	5	10
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**Saskatchewan.**

Wilkie .....	\$ 6,000	7	20
School Districts .....	58,450		..
	<u>\$64,450</u>		

**Nova Scotia.**

Stellarton .....	\$ 3,000	5	30
†Trenton .....	35,000	5	20
	<u>\$38,000</u>		

**Manitoba.**

Virden .....	\$ 7,000	6	25
Russell .....	1,000	6	20
Greater Winnipeg Water District .....	2,000,000	5	5
School Districts .....	32,900		..
	<u>\$2,040,900</u>		

**Quebec.**

Louisville .....	\$125,000	5½	Serial
Montreal East .....	50,000	6	20
La Salle .....	50,000	6	25
Shawinigan Falls .....	25,000	6	10
	<u>\$250,000</u>		

\*Sold to local investors during past two months.

†Now being offered to local investors; greater part sold.

‡Sold to a local contractor.

The following is a record of Canadian municipal bond sales made in the United States last month:—

Greater Winnipeg Water District..	\$1,000,000	5	5
Red Deer .....	30,000	Treasury bills.	

The United States market has been practically closed to Canadian offerings for the past few months, and this condition is likely to continue while war loans have the right-of-way. About \$1,000,000 of the \$3,000,000 Greater Winnipeg Water District issue was placed there by a Canadian bond house syndicate. They were an attractive issue, being offered 94.70 and interest, yielding 6 per cent. To investors purchasing \$25,000 or over, a further concession of ¼ per cent. was made, and on blocks of \$50,000 or over, ½ per cent. The bonds sold readily in Canada and the United States, the purchasers of institutions and individual investors being features of the sale. Another \$1,000,000 is now being placed on the market. The \$30,000 issue of treasury bills of Red Deer, Alberta, was sold to W. L. Slayton and Company, Toledo, Ohio, at 94. Another tender at 92, was received from a United States bond house.

Canadian municipal bonds sold in the United States during July, compared with sales of the first six months of 1914, 1915 and 1916, were as follow:—

	1914.	1915.	1916.	1917.
January ..	\$ 340,000	\$3,183,215	\$2,285,000	
February ..	50,000	6,471,000	899,506	485,725
March .....	18,000	6,543,947	595,000	95,000
April .....	25,000	7,100,825	2,158,306	1,563,200
May .....	1,750,000	600,000	7,219,000	1,375,039
June .....	2,100,000	.....	2,136,226	80,000
July .....	1,130,000	890,000	3,540,000	1,030,000
Totals ..	\$5,073,000	\$21,945,772	\$16,545,253	\$6,913,964

Twenty-six blocks of Ontario bonds were offered last month, county issues being a feature of the sales. Seven counties offered \$383,000 worth of bonds. The bidding was fairly good for most of the Ontario loans.

Municipalities selling their bonds to local investors had a good measure of success. Ingersoll has sold \$91,000 in this way, mostly sold in June. Simcoe has practically completed the sale of \$39,477 5½ per cent. 20 and 30-year bonds locally. St. Thomas and Brockville are offering \$39,700 5½ per cent. 1-10 years, and \$28,000 5½ per cent. 5-year bonds respectively. The former town sold about \$12,000 on the first day of the sale.

Quebec province municipalities are not finding it as easy to market their bonds as is the case in other provinces, Ontario particularly. Grand Mere, Quebec, has \$30,000 5½ per cent. 30-year bonds for sale, but on July 18th, the day fixed for the receipt of bids, no offers had been received. Maison-neuve still has \$700,000 bonds for sale.

Several municipalities, not receiving any offers for their bonds, or receiving prices considered too low, made arrangements with their bankers for temporary loans. These municipi-

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TORONTO

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palities include Halifax, N.S., and Verdun, Que. Bank loans to municipalities were increased about \$3,000,000 during June. July figures are not yet available. The following table, compiled by *The Monetary Times*, shows the volume of bank loans to municipalities since January, 1914, to June, 1917:—

	1914.	1915.	1916.	1917.
January	\$29,301,620	\$35,952,805	\$32,015,371	\$24,487,272
February	30,372,854	38,437,903	35,149,915	26,121,324
March	31,890,843	41,227,449	38,649,462	29,877,911
April	30,168,812	43,031,360	44,371,050	35,931,996
May	33,689,577	43,948,436	43,924,036	39,790,191
June	37,260,571	46,889,816	46,773,032	42,757,673
July	36,372,334	44,029,446	42,385,096	.....
August	39,664,534	46,020,730	39,882,811	.....
September	44,338,873	43,928,331	38,708,745	.....
October	47,316,076	45,682,230	37,613,530	.....
November	44,706,055	41,064,550	32,945,963	.....
December	38,256,947	30,878,028	24,056,792	.....

#### COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended July 27th, 1917:—

La Rose Mines, 87,674; Hudson Bay Mines, 66,060; Nipissing Mining Company, 282,430; Coniagas Mines, 106,161; Mining Corporation of Canada, 195,722; total, 738,047 pounds, or 369 tons.

The total shipments since January 1st, 1917, now amount to 16,385,797 pounds, or 81,978.9 tons.

The following companies have increased their capital stock: Battlevale Rural Telephone Company, Limited, with Saskatchewan charter, from \$150 to \$250; Thurlby Rural Telephone Company, Limited, with Saskatchewan charter, from \$400 to \$775; the Diver Mineral Separator Company, Limited, with Alberta charter, from \$10,000 to \$50,000; Goderich Rural Telephone Company, Limited, with Ontario charter, from \$5,000 to \$25,000; Urban Lands, Limited, with Dominion charter, to \$198,000; Pioneer Fruit Company, Limited, with Manitoba charter, from \$40,000 to \$60,000.

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## CANADIAN EXPORTS STILL LARGE

### Sales Abroad from January to June, Totalled Six Hundred and Twenty Millions

The total trade of Canada this year to date has made an excellent record. The following table shows the exports, imports and balance of trade, January to June:—

1917.	Exports.	Imports.	Balance.
January	\$ 99,106,259	\$ 73,323,074	+ \$26,783,185
February	68,224,383	68,030,469	+ 193,914
March	122,415,313	102,335,886	+ 20,079,427
April	65,145,449	86,807,809	— 21,662,360
May	149,057,236	107,596,379	+ 41,460,857
June	116,285,841	97,515,067	+ 18,770,774
Totals	\$620,234,481	\$534,608,684	+ \$85,625,797

Exports of Canadian produce during the first six months of the current calendar year were valued at \$620,234,481, an increase of \$144,778,000, or 30 per cent., over the record total reported for the corresponding period of 1916. Compared with the corresponding period of 1914, the increase is \$472,004,000, or about 320 per cent.

#### Six Years' Comparison.

The following table compares six months' exports of Canadian produce and of imports entered for consumption, for a period of six years:—

Six months.	Exports.	Imports.	Balance.
1917	\$620,234,000	\$534,608,000	+ \$ 85,625,000
1916	475,456,000	350,104,000	+ 125,352,000
1915	216,171,000	205,759,000	+ 10,412,000
1914	148,230,000	260,336,000	— 112,106,000
1913	160,621,000	340,266,000	— 179,645,000
1912	139,594,000	291,871,000	— 152,276,000

The figures exclude coin and bullion returns.

The export gain of about 30 per cent. compares with a gain of 52 per cent. in imports, an unsatisfactory feature of our trade returns. In the first six months of 1916 we established a favorable balance of about \$125,000,000; this year it is less by about \$40,000,000. Everything possible should be done to curtail imports of luxuries and unnecessary imports generally.

#### Figures of June Statement.

The figures of the June trade statement recently published show a decline from the high level reached in May.

As compared with May there was a decrease of about \$33,000,000 in exports and of \$10,000,000 in imports. As compared with June a year ago there was a gain of about \$21,000,000 in exports and a gain of about \$31,000,000 in imports. June figures for six years compare as follow:—

June.	Exports.	Imports.	Balance.
1917	\$116,285,000	\$97,515,000	+ \$18,770,000
1916	95,635,000	66,399,000	+ 29,236,000
1915	42,805,000	35,324,000	+ 7,481,000
1914	28,000,000	45,750,000	— 17,750,000
1913	33,619,000	57,957,000	— 24,338,000
1912	29,246,000	53,587,000	— 24,341,000

+ Excess of exports. — Excess of imports.

Details of June exports in the government classifications, with comparisons, are as follow:—

	June, 1917.	June, 1916.	May, 1917.
Mine	\$ 4,061,037	\$ 7,755,875	\$ 6,323,572
Fisheries	1,185,376	1,267,883	1,105,506
Forest	5,451,576	5,846,672	5,007,147
Animals, etc.	7,331,668	8,473,780	11,376,808
Agriculture	57,860,423	38,744,527	71,793,023
Manufactures	39,421,170	32,252,447	52,940,625
Miscellaneous	465,501	1,294,678	501,555
Totals	\$116,285,841	\$95,635,862	\$149,057,236

#### INDEX TO THE MONETARY TIMES

The index to *The Monetary Times* for the half-year, January to June, 1917, is ready. Copies may be had on application to 62 Church Street, Toronto.

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## NEW INCORPORATIONS

## Charters Were Issued This Week to 96 Companies with Total Capitalization of \$20,895,000

Canada's new companies incorporated this week number 96. The head offices of these companies are located in seven provinces. The total capitalization amounts to \$20,895,000.

The largest companies are:—

British American Shipbuilding Company, Limited.	\$1,000,000
Grahams, Limited	1,000,000
McEnaney Gold Mines, Limited	3,000,000
Nipissing Mines Company, Limited	6,000,000

Grouping the new concerns according to provinces in which the head offices are situated, we have the following results:—

Province.	No. of companies.	Capitalization.
Ontario	31	\$13,262,750
Quebec	21	1,354,000
British Columbia	14	3,417,250
Manitoba	8	510,000
Saskatchewan	6	190,000
Alberta	13	2,020,000
New Brunswick	3	141,000
	96	\$20,895,000

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 persons named are provisional directors:—

- Regina, Sask.**—Campbell's Pharmacy, Limited, \$20,000.
- Limerick, Sask.**—The Limerick Drug Company, Limited, \$10,000.
- Raymond, Alta.**—Raymond Pool Company, Limited, \$20,000.
- Golden, B.C.**—Chinook Copper Company, Limited, \$25,000.
- Peachland, B.C.**—Independent Fruit Company, Limited, \$50,000.
- Port Alberni, B.C.**—West Coast Transportation Company, Limited, \$10,000.
- Georgeville, Que.**—Glenbrooke, Limited, \$50,000. A. Holden, H. Morin, I. Kert.
- Gravellbourg, Sask.**—Gravellbourg Farmers Elevator Company, Limited, \$20,000.
- Mundare, Sask.**—The Association of Ruthenian Farmers of Alberta, Limited, \$20,000.
- Alton, Ont.**—Beaver Knitting Mills, Limited, \$350,000. E. Smily, B. Williams, A. Silk.
- Belleville, Ont.**—Grahams, Limited, \$1,000,000. W. S. Morden, E. W. McNeil, C. D. Dyke.
- Quebec, Que.**—The Pure Food Products, Limited, \$49,000. J. Vinet, V. Dion, E. Hamel.
- Bradford, Ont.**—Watson Specialties, Limited, \$150,000. A. Greig, J. M. Sparrow, M. H. Eaton.
- Trois Rivières, Que.**—The Saint Maurice Foundries, Limited, \$49,000. W. J. Miller, P. Dumoulin, G. Gouin.
- Saindon, Que.**—The Syndicate of Sayabec, Limited, \$3,000. A. Belanger, E. Belanger, P. Belanger.
- Chatham, Ont.**—Sarvice, Limited, \$48,000. W. S. Radforth, G. A. McAlpine, Mildred E. Sarjeant.
- London, Ont.**—Leather Products, Limited, \$20,000. G. S. Gibbons, E. H. Braund, Lillian A. Fowler.
- Maisonneuve, Que.**—Le Club L-O. David Incorporatee, \$10,000. E. Hebert, E. Larivière, F. X. Lizotte.
- Picton, Ont.**—Gore G. Telephone Company, Limited, \$1,250. S. W. Tripp, T. Arkett, G. Pearsall.
- Pointe-aux-Trembles, Que.**—Liquidation Society, Limited, \$100,000. C. Reeves, V. A. Roy, Marie Dulude.
- St. John, N.B.**—Fowler Milling Company, Limited, \$99,000. A. L. Fowler, Phyllis Warburton, G. A. Kimball.
- Everett, Ont.**—The Everett Telephone Company, Limited, \$5,000. J. C. Pearson, H. W. McGill, E. J. Reid.

**Smith's Falls, Ont.**—The Glen View Telephone Company, Limited, \$5,000. G. N. Couch, E. R. Condie, R. Lyle.

**Cobden, Ont.**—The Acorn Rural Telephone Association, Limited, \$1,500. A. McBride, R. Jones, G. McDiarmid.

**Windsor, Ont.**—Canadian Life Buoy Company, Limited, \$100,000. C. W. Caldwell, O. E. Fleming, F. E. Harvey.

**Victoria, B.C.**—Gabriola Shale Products, Limited, \$50,000; the Banfield Marine Products Company, Limited, \$2,250.

**North Head, N.B.**—Eureka Shipbuilding Company, Limited, \$32,000. F. Ingersoll, J. E. Gaskill, F. L. Lakeman.

**Canrobert, Que.**—Compagnie Saint-Joseph d'Eleveage, Limitée, \$10,000. J. A. Levesque, J. A. F. Meyer, J. Lacroix.

**St. Catharines, Ont.**—The Victor Glove Company, Limited, \$50,000. C. J. Bowman, W. M. Marquis, Daisy Y. Stanton.

**Owen Sound, Ont.**—The Sydenham Union Telephone Company, Limited, \$2,000. A. J. Carmichael, D. J. McLarty, W. H. Kemp.

**Campbellton, N.B.**—The Bonaventure and Gaspé Produce Company, Limited, \$10,000. D. E. Richards, W. S. Richards, J. S. Evans.

**Sherbrooke, Que.**—La Compagnie de Placements des Cantons de L'Est, \$20,000. J. A. Levesque, J. W. R. Lequin, J. A. F. Mayer.

**Saskatoon, Sask.**—The Phoenix Printing Company, Limited, \$100,000; the Saskatoon Granite and Marble Company, Limited, \$20,000.

**Assiniboia Municipality.**—The Veterans' Farm, Food and Fuel Company, Limited, \$20,000. M. R. Miller, H. J. Miller, W. T. West.

**Ottawa, Ont.**—New Manufacturing Company, Limited, \$45,000. T. A. Beament, A. H. Armstrong, Mona Divine; Big Duck Lake Mining Company, Limited, \$30,000. M. Bryerton, F. Denton, E. M. Miller.

**Edmonton, Alta.**—Highland Ranching Company, Limited, \$20,000; the Farmers Milling Company, Limited, \$20,000; the Maund Paint and Varnish Company, Limited, \$5,000; Marieville Ranching and Farming Company, Limited, \$50,000.

**Hamilton, Ont.**—Begg and Company, Limited, \$100,000. J. C. Begg, W. Markle, H. G. Carlburg; Barnes Knitting Company of Canada, Limited, \$10,000. E. H. Ambrose, J. R. Marshall, W. Hazell; Dann Spring Insert, Limited, \$40,000. G. R. Harvey, C. V. Langs, E. G. Binkley.

**Vancouver, B.C.**—Merchants Shipbuilding Corporation, Limited, \$500,000; Murray Engines, Limited, \$25,000; Beaver Creek Timber Company, Limited, \$100,000; R. H. L. Company, Limited, \$10,000; Burrard Quarries and Construction Company, Limited, \$100,000; Robert K. Ward Company, Limited, \$10,000; Draftie, Limited, \$25,000; Cedar Cottage Drug Company, Limited, \$10,000; Belmont Surf Inlet Mines, Limited, \$2,500,000.

**Calgary, Alta.**—Pike Grain Company, Limited, \$20,000; Security Cartage and Storage Company, Limited, \$20,000; Hood and Irvine, Limited, \$60,000; Alberta Wheat Lands, Limited, \$25,000; Union Ranch and Land Company, Limited, \$20,000; Parisian Cleaners, Limited, \$10,000; Cadomin Coal Company, Limited, \$750,000. D. L. Redman, C. W. Coole, O. H. E. Might; Dominion Farm Holders, Limited, \$1,000,000. W. Egbert, W. D. Spence, O. R. Stone.

**Winnipeg, Man.**—Winnipeg Surety Company, Limited, \$100,000. W. J. Hogan, W. H. Brandon, Jeanette Little; the Globe Bedding Company, Limited, \$10,000. A. M. Shinbane, M. H. Bortman, Josephine Clifford; North American Finance Company, Limited, \$200,000. W. R. Cottingham, B. C. Parker, J. A. Machray; Erie Grain Company, Limited, \$40,000. S. H. Green, R. Goldstein, Mary L. White; the Metropole Export Company, Limited, \$20,000. C. H. Belanger, Jeanne Belanger, J. R. Teviotdale; Claydon Company, Limited, \$20,000. W. A. Mitchell, E. Claydon, C. J. Macleod; the Stewart Grain Company, Limited, \$100,000.

**Montreal, Que.**—Colgate and Company, Limited, \$25,000. J. E. Martin, Clara Thomas, P. Brais; Logg Supply Company, Limited, \$50,000. A. Falconer, J. L. Reay, J. L'Heureux; Northern Products, Limited, \$50,000. E. Berard, S. L. Dale, J. Hilary; Techno-Chemicals, Limited, \$49,900. C. Hurtubise, G. Hurtubise, E. Jaquemot; the Organization Society, Limited, \$100,000. J. H. Loranger, J. A. Langlois, E. Gaulin; Limoges, Limitée, \$100,000. J. W. Limoges, J. A. Bougie, R. Guay; Perfection Counter, Limited, \$49,000. M. Langlois, L. Guerin, B. P. Raymond; Morris Michaels, Limited, \$50,000. M. Goldstein, T. B. Heney, M. Bernfeld; In-

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dustrial Development Company, Limited, \$20,000. V. Dupuis, C. J. E. Charbonneau, P. Morel; Le Credit Stadacona, Limited, \$10,000. L. Braen, G. Demers, A. Brunet; Dominion Bonded Legal Service, Limited, \$10,000. B. S. DeSola, J. W. Wood, G. Main; General Automobile Equipment, Limited, \$50,000. J. H. Fortier, H. J. Hummell, E. Delage; the C. H. Catteli Company, Limited, \$500,000. T. J. Shallow, A. G. Lajoie, A. Lacoste.

**Toronto, Ont.**—The Burns Cement-Gun Construction Company, Limited, \$40,000. G. C. Loveys, W. M. Smith, C. L. Valens; Nipissing Mines Company, Limited, \$6,000,000. A. Fasken, R. S. Robertson, A. B. Nind; Graneloid Floor and Tile Company, Limited, \$40,000. F. Regan, E. Murphy, Bertha Hawkins; Consumers Produce Company, Limited, \$250,000. G. A. Young, A. E. Way, Elsie Whitehead; McEnaney Gold Mines, Limited, \$3,000,000. W. T. J. Lee, J. G. O'Donnoghue, A. L. Brady; United Publishers of Canada, Limited, \$200,000. J. Campbell, L. McDonald, J. H. Greenberg; British American Shipbuilding Company, Limited, \$1,000,000. F. H. Keefer, A. A. Kinghorn, Amy W. Crysler; Toronto Milling Company, Limited, \$155,000. J. H. Greenberg, Marie O'Brien, T. Baird; Richmond Manufacturing Company, Limited, \$200,000. W. W. McKnight, N. Courian, Edith B. McKnight; Gas Processes, Limited, \$50,000. G. C. Loveys, G. W. Morley, W. M. Smith; Engholm and Partners, Limited, \$100,000. F. G. Engholm, H. A. Hall, Emma Staples; Canadian Incinerator Company, Limited, \$50,000. S. Rogers, H. M. Finkle; Nicu Steel Corporation Limited, \$200,000. J. M. Gordon, Alicia Hill, Marjorie L. Chamberlain; Hall Brothers, Limited, \$20,000. S. E. Hall, J. M. Hall, A. E. McDonald.

## OUR \$100,000,000 LOAN IN STATES

Full Amount was Taken Rapidly—Review of Rates Paid  
—Comment by Wall Street Journal

There was no doubt as to the success of the Canadian loan offering of \$100,000,000 in the United States this week. Many of the banks and bond houses that had been advised of their allotments, requested larger participations. The Canadian notes will be widely distributed, the syndicate members including banks and investment houses throughout the United States, the west and middle west taking an active interest in the flotation. The Canadian borrowing is being done through two-year notes, and will net subscribers 6.07 per cent. Even at this attractive rate, it is not expected to lessen that amount of funds available for the next United States war offering, because of the subscriptions to the Canadian loan are coming from traders not open to tenders of long-term issues.

Subscription books to the \$100,000,000 Dominion of Canada two-year 5 per cent. notes were opened on Monday morning at the office of J. P. Morgan and Company, New York. The books were closed yesterday morning. The notes will be dated August 1, and will be offered to the public at 98 and interest, yielding about 6.07 per cent. Interest is payable February 1 and August 1 in United States gold coin in New York city at the agency of the Bank of Montreal. The offering is made under the names of J. P. Morgan and Company, Brown Brothers and Company, Harris, Forbes and Company, the Bank of Montreal, the First National Bank, the National City Company, the Guaranty Trust Company, the Bankers' Trust Company and William A. Read and Company.

### Our Loans in United States.

Canada's first loan in the United States was made in July, 1915, in \$25,000,000 one-year and \$20,000,000 two-year 5 per cent. notes. The one-year notes were offered to investors on a 5 per cent. basis and the two-year notes on about a 5¼ per cent. basis.

Last year came the second loan amounting to \$75,000,000, divided into equal amounts of 5, 10 and 15-year bonds bearing 5 per cent. interest. The 5-year issue was sold to investors on a 5.10 per cent. basis, the 10-year bonds on a 5¾ per cent. basis and the 15-year bonds on a 5½ per cent. basis.

The third Canadian loan in the United States is that on which negotiations have just been completed. It amounts to \$100,000,000, the Dominion's borrowings growing in arithmetical progression. It too bears 5 per cent. interest, but at the offering price of 98 it yields approximately 6.07 per cent.

The cost to the Canadian government of this new money was approximately 6.90 per cent.

Commenting on this issue the Wall Street Journal says:—  
"In its foreign loans Canada established the 5 per cent. interest rate as the proper basis for borrowing, for Canada was the first of the belligerent countries to enter this market for funds. That lead was followed by Great Britain and France a few weeks later in the joint Anglo-French loan, which was offered on about a 5.40 per cent. basis. At the outset the Dominion's credit here was therefore better than that of Britain and France.

"The last loan here of the United Kingdom was, however, in the form of 5½ per cent. notes, brought out on a 6 per cent. basis, whereas the Dominion has stuck with the 5 per cent. rate, but its newest issue is to yield 6.07 per cent. Also the last French government financing here was in the shape of 5½ per cent. notes sold to investors to yield slightly more than 6 per cent. It might be said, therefore, that the credit of Canada had now fallen to the same basis as that of Britain and France. That, however, would hardly be a fair comparison since the United Kingdom's last note issue here was made six months ago and France's four months ago. Further, both countries borrowed on collateral, whereas Canada has not had to put up security for her borrowings.

"In fact, the increased cost of her borrowings here is the price Canada has to pay indirectly for the entrance of the United States into the war. But she should be recompensed for that higher cost by the saving there will be to her through the shortening of the war by our participation and the resultant lessening of loss of lives.

"Canada's record in financing her war expenses has been a satisfactory one. Dependent entirely on the mother country to the middle of 1915 for her financial needs, she has herself oversubscribed three war loans aggregating \$350,000,000. Since June, 1915, every cent of her war expenditures has been financed without aid from the old land. Of the three domestic war loans of the Dominion, approximately \$80,000,000 has been subscribed from this country."

### Notes Due on Wednesday.

On Wednesday there became due \$20,000,000 of Dominion of Canada 5 per cent. notes, which were put out two years ago. An issue of \$25,000,000 one-year notes sold at the same time matured last August and was paid. With payment of the maturing notes on Wednesday there remain outstanding only the \$75,000,000 Canadian loan placed in April, 1916, and the new loan of \$100,000,000. The \$75,000,000 is in the form of 5 per cent. notes, lots of \$25,000,000 maturing in 1921, 1926 and 1931.

### Cannot Convert into this Loan.

Referring to the privilege of conversion which has been given to holders of Dominion of Canada domestic war loan bonds, it is pointed out by the finance department, Ottawa, that this applies to issues of internal loans only and has no connection with such financing as the government of the Dominion of Canada may do in the United States or other outside markets such as the operation now being undertaken in the United States in the issue of two-year notes.

## CANADIAN MILITARY PAGEANT

A national spectacle will be the grand stand production at the Canadian National Exhibition, Toronto, this year, which is calculated to write a new page into the history of patriotic pageantry. The Heights of Quebec are to be reproduced on a mammoth scale, with the St. Lawrence and its burden of battleships and fighting craft in the foreground. The story will deal with the half century from Confederation to the present day, and patriotism will achieve a thrilling climax when file after file of overseas troops embark on huge transports and proceed down the river behind a convoy of destroyers on their way across the submarine-infested seas to the battlefronts "over there."

The following companies have changed their names: The Federal Steel and Foundry Company, Limited, with Ontario charter, to Monarch Tractor Company of Canada, Limited; Maple Leaf Tires, Limited, with Dominion charter, to the Mackintosh Rubber Company of Canada, Limited; Phillips and Windrum, Limited, with Manitoba charter, to Windrum's Limited.



MUNICIPAL BOND MARKET

The Monetary Times' Weekly Register of Municipal Activities and Financing

**London, Ont.**—An issue of \$760,000 5½ per cent. 5-year bonds has been awarded to A. E. Ames and Company, Toronto.

**Orillia, Ont.**—An issue of \$53,000 6 per cent. 20-instalment bonds has been placed with A. H. Martens and Company.

**Merrickville, Ont.**—The town has placed an issue of \$27,000 6 per cent. 18-instalment debentures with Brent, Noxon and Company.

**New Toronto, Ont.**—For the issue of \$50,000 6 per cent. 20-year waterworks debentures, C. H. Burgess and Company's bid of 97.78 was accepted, the following being the other bids:—

A. E. Ames and Company .....	97.50
Macdonald, Bullock and Company .....	95.62
W. L. Slayton and Company .....	93.76

**Essex, Ont.**—For the issue of \$60,000 5½ per cent. 10-year bonds the bids were as follows, the first-named firm receiving the award:—

Macneill and Young .....	98.25
C. H. Burgess and Company .....	98.19
Dominion Securities .....	98.14
A. E. Ames and Company .....	98.08
Brent, Noxon and Company .....	97.68

**Carleton County, Ont.**—The issue of \$20,000 5½ per cent. bonds was sold to the Bank of Ottawa at par. The remaining bids were as follow:—

A. E. Ames and Company .....	\$19,520
Macdonald, Bullock and Company .....	19,506
Canada Bond Corporation .....	19,504
G. A. Stimson and Company .....	19,502
Wood, Gundy and Company .....	19,456
Imperial Bank .....	19,456
A. H. Martens and Company .....	19,427
Brent, Noxon and Company .....	19,411
W. L. McKinnon and Company .....	19,391
Macneill and Young .....	19,354
C. H. Burgess and Company .....	19,328
R. C. Matthews and Company .....	19,250

CANADA'S BANK CLEARINGS

The following are the bank clearings for the weeks of July 27, 1916, and July 28, 1917, respectively, with changes:—

	Week ended	Week ended	Changes.
	July 28, '17.	July 27, '16.	
Montreal .....	\$ 75,858,819	\$ 69,009,942	+ \$ 6,848,877
Toronto .....	57,557,827	47,937,081	+ 9,620,746
Winnipeg .....	40,955,455	40,891,782	— 836,327
Vancouver .....	8,399,424	5,928,418	+ 2,471,006
Ottawa .....	5,165,137	4,512,803	+ 652,334
Calgary .....	5,347,065	4,323,717	+ 1,023,348
Hamilton .....	4,422,595	3,195,653	+ 1,226,942
Quebec .....	4,537,155	3,237,873	+ 1,299,282
Edmonton .....	2,405,882	2,020,848	+ 385,034
Halifax .....	2,936,189	2,294,482	+ 641,707
London .....	1,908,517	1,644,826	+ 263,691
Regina .....	2,602,943	2,052,436	+ 550,507
St. John .....	1,786,552	1,845,158	— 58,606
Victoria .....	1,549,267	1,553,520	— 4,253
Saskatoon .....	1,496,907	1,081,605	+ 415,302
Moose Jaw .....	954,575	868,700	+ 85,875
Brandon .....	583,629	714,574	— 130,945
Brantford .....	881,982	651,156	+ 227,826
Fort William .....	712,757	600,242	+ 112,515
Lethbridge .....	748,369	473,792	+ 274,577
Medicine Hat .....	463,317	357,134	+ 106,183
New Westminster ..	389,073	277,533	+ 111,540
Peterboro .....	603,718	484,990	+ 118,728
Sherbrooke .....	572,615	476,164	+ 96,451
Kitchener .....	521,554	418,534	+ 103,020
Totals .....	\$222,461,323	\$196,855,953	+ \$25,605,370

Toronto's bank clearings for the current week are \$55,612,535; for the similar period 1916, \$46,958,734, and for 1915, \$34,559,443.

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.

An Underwriting Wanted

of a successful Industrial or promising public utility. If an Industrial, must

be able to show good past history with good management for a term of not less than three years. A merger of several allied concerns would be considered. Underwriters' can supply capital from \$250,000 up.

Apply to Box 95,  
MONETARY TIMES.

**EXPERIENCED ACCOUNTANT** and Auditor is open for engagement in any capacity where ability and energy are required. Chartered Secretary of Joint Stock Companies, good organizer and capable manager, credits, etc., ineligible military service. Box 91, *The Monetary Times*, 62 Church St., Toronto.

**MOOSE JAW RENTAL AGENTS.**—The Ralph Manley Agency, Limited, Walter Scott Block, Moose Jaw, handle the renting of Moose Jaw Improved City Property. Their facilities permit them to rent and re-rent property as well as looking after collections and any necessary repairs. Established 1908. Correspondence solicited.

**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. Fulltest references and investigation will be required and exchanged. Preliminary to interview write in some detail to Box 97, *The Monetary Times*, Toronto.

## DIVIDENDS AND NOTICES

### CANADA CEMENT COMPANY, LIMITED

#### PREFERRED SHAREHOLDERS, DIVIDEND No. 30.

Notice is hereby given that a dividend of 1¾% for the three months ending July 31st, 1917, being at the rate of seven per cent. per annum on the paid-up preference stock of this Company has been declared and that the same will be paid on the 16th day of August next, to Preference Shareholders of record at the close of business, July 31st, 1917.

The Transfer books of the Company will be closed from August 1st to 10th, both days inclusive.

H. L. DOBLE,  
Secretary.

Montreal, July 23rd, 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 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.

### 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.

## LIFE INSURANCE MEN TO MEET AT WINNIPEG

### Record Gathering of Underwriters is Probable—Features of Programme

The men who sell life insurance in Canada will meet in annual convention at Winnipeg from August 21st to 25th. They are members of the Life Underwriters' Association of Canada, an organization which has for its chief objects the improvement of conditions in the life insurance business and the maintenance of high ethical standards in the dealings of insurance companies and agents with the public. Since the formation of the association, about ten years ago, many evils of the business have been remedied and a great deal has been done not only to improve the lot of life insurance salesmen, but also the mutual relations of policyholders, agents and insurance companies.

There is every prospect for a successful convention at Winnipeg this month. The gathering will be held at the Fort Garry Hotel. The membership of the Winnipeg Association is 213, which constitutes a record. This large membership of enterprising Westerners will see to it that this convention will be remembered for many years to come. The Western associations generally are exceptionally strong in numbers. The Brandon association, for example, which two years ago had only 16 members, last year increased to 69, and now has a membership of 103. Calgary had 25 members last year; it now has 78. Edmonton musters 74. A large attendance is expected at the convention from the prairie provinces. A delegation of about eight is coming from Vancouver and more than 100 will come from Eastern Canada.

#### Moving Pictures With a Moral.

One of the features of the convention will be the display of moving pictures with a life insurance moral. These pictures were conceived by Mr. Hugh Willett, a past-president of the National Life Underwriters' Association of the United States. They were produced by the Scenic Film Company in Atlanta. The Canadian life insurance men will pass their opinion upon the pictures, and if thought to be of service in awakening a greater interest here in the necessity of life insurance a set of the pictures will be purchased and shown in the moving picture houses of Canada.

Another interesting attraction will be an exhibit in connection with the proposed institutional advertising campaign of the life insurance companies.

An attractive programme of practical addresses and discussions on life insurance topics has been arranged. The discussions have always proved one of the most popular features of these gatherings, and it is generally hoped that ample time will be allowed for these. The following are some of the addresses to be heard:—

#### Addresses and Discussions.

Addresses.—“Selection and Training of Agents,” Mr. Winslow Russell, agency manager, Phoenix Mutual, of Hartford, Conn.; “The Economic Value of Life Insurance,” Professor W. W. Swanson, of the University of Saskatchewan; “The Licensing of Agents,” Mr. A. E. Ham, superintendent of Insurance for Manitoba; address, Mr. C. C. Ferguson, general manager, Great-West Life, Winnipeg; “The Standardization of Provincial License Laws,” Mr. A. E. Fisher, superintendent of insurance for Saskatchewan. Presidential address, Mr. J. Burt Morgan, Victoria, B.C.

Discussions.—“Enlarging One's Clientele.” Led by Mr. F. G. Hassard, Dominion Life, Toronto. “Monthly Income Insurance and How to Sell It.” Led by Mr. E. J. L'Esperance, Imperial Life, Montreal. “The Need of Life Insurance for the Farmer, and How to Sell Him.” Led by Mr. P. A. Wintemute, vice-president for Alberta and British Columbia. “Institutional Advertising.” Led by Mr. J. H. Castle Graham, general secretary and treasurer. “Salesmanship.” “Enthusiasm.” “Teaching of Life Insurance in Our High Schools and Colleges.” Open competition. First prize, \$20; second prize, \$15. Demonstration of the best canvass. Competitors will try to sell life insurance on the platform to a selected prospect.

Banquet.—The following speakers will be present: His Honor Sir J. A. M. Aikens, Lieutenant-Governor of Manitoba; the Hon. T. C. Norris, Premier of Manitoba; Mr. Geo. T. Wilson, vice-president Equitable Life, New York City. Subject, “Now.” (Subject to slight changes and additions.)



## When You are Old

Who'll provide the money to keep you? Will you then be compelled to keep on working the same as some old men you know? Or will you be able to enjoy an old age of comfort and independence?

A moderate annual saving now—when you can spare the money—invested in an Imperial Endowment Policy will secure you a regular income in your old age; or it will provide for your family should death call you early.

**THE IMPERIAL LIFE**  
Assurance Company of Canada  
HEAD OFFICE - TORONTO

## Insurance and Financial Printing

The Job Department of The Monetary Times of Canada will be glad to furnish estimates on all kinds of Printing, such as Annual Reports, Prospectuses, Investment Lists, Descriptive Pamphlets, &c.

Our city traveller will be pleased to confer with you, and furnish estimates.

Telephone M. 7404

## Job Department

Monetary Times of Canada

62 Church Street . . . . Toronto

## 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.

## 8% NET FARM MORTGAGES


We want \$1,000 on each of thirty-two quarter sections of first-class land. Principal re-payable in five years; interest payable the First of January and the First of July. All expenses paid by the Mortgagors. Titles examined by MacDonal, Craig, Tarr & Ross.

**D. A. DOWNIE & COY.**  
TRIBUNE BLDG. . . . WINNIPEG, Man.



**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.

**PROFITS EXCEED ESTIMATES**  
 ONLY IN THE  
**London Life Insurance Co.**  
 LONDON ... .. Canada  
 POLICIES "GOOD AS GOLD." 2



**L'UNION**  
 Fire Insurance Company, Limited, of PARIS, FRANCE  
 Capital fully subscribed, 25% paid up .....\$ 2,000,000.00  
 Fire Reserve Funds ..... 5,639,000.00  
 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.

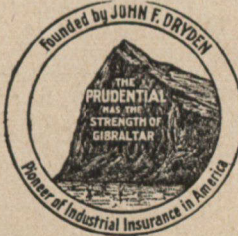
**INVESTIGATE**  
 the proposition which  
**The British Columbia Life Assurance Company**  
 VANCOUVER, B.C.  
**OFFERS TO SALESMEN**

**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*

**Baldwin, Dow & Bowman**  
**Chartered Accountants**  
 OFFICES AT  
**Edmonton, Alberta. Toronto, Ont.**

THE PRUDENTIAL has a large force of Canadian employees at work in every large city in the Dominion selling Gibraltar-like life insurance policies and industriously paying death claims in afflicted homes day after day. The Prudential has throughout the United States and Canada Fifteen Million Policies in Force, equal to nearly twice the population of the Dominion, and indicating the popularity of this big American Company.  
**AGENTS WANTED.**  
**The Prudential Insurance Co. of America**  
 Incorporated under the laws of the State of New Jersey.  
 FORREST F. DRYDEN, President. Home Office, NEWARK, N.J.




UNLISTED SECURITIES

Quotations furnished to The Monetary Times by A. J. Pattison Jr., & Co., Toronto (Week ended August 1st, 1917.)

Table of unlisted securities with columns for Bid, Ask, and security names such as Abitibi Pulp, Alberta Pac. Grain, and various bonds.

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.

BUILDING PERMITS COMPARED

RETURNS FOR THIRTY-FIVE CITIES.

Table showing building permits compared for thirty-five cities from May 1917 to June 1917, including amounts and percentage changes.

MONEY MARKETS

Messrs Glazebrook and Cronyn, Toronto, exchange and bond brokers, report the following exchange rates to The Monetary Times:-

Table of money market rates for N.Y. funds, Mont. funds, and Sterling.

Sterling—

Table of sterling exchange rates for Demand, Cable transfers, and Bank of England rate.

INDEX NUMBERS OF COMMODITIES

Table of index numbers of commodities by department (I. Grains and Fodders, II. Animals and Meats, etc.) for June 1917, May 1917, and June 1916.

\*Preliminary figures. †Nine commodities off the market, fruit, vegetables, etc. One line of spelter was dropped in 1915. \*Strawberries in June, apples in May.

way, but is to increase not a any limit—its capacity.

**BUSINESS AND SENTIMENT**

**P**ERHAPS 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

**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

**EQUITABLE ADVANTAGES**

The holder of an Equitable agency contract benefits not only by the impregnable strength and prestige of the Society, but also through being able to offer a variety of policies that meet with precision the requirements of the insuring public. Profitable openings at various points in Canada for men of character and ability, with or without experience in life insurance.

**The Equitable Life Assurance Society of the U.S.**  
120 Broadway, New York

**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

**The Trustee Company of Winnipeg**

Head Office ... 300 NANTON BLDG., WINNIPEG  
President—Hon. D. C. Cameron. Vice-President—W. H. Cross. Managing Director—M. J. A. M. de la Giclais. Directors—Pierre de Lancesseur, Horace Chevrier, Joseph Bernier, M. P. P., N. T. MacMillan, E. J. McMurray, W. J. Bulman.  
Executors, Trustees, Administrators, and Agents for Investors in Mortgages.

**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

## INVESTMENTS AND THE MARKET

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

**North American Paper.**—The company reports total earnings for the first six months of the current fiscal year of \$632,106, and after bond interest and sinking fund requirements there was a balance of \$262,510. The second half of the year is expected to give better returns.

**Niagara Falls and Canada Niagara Power Company.**—The combined income accounts of the two companies for the quarter ended June 30th last follow:—

	1917.	1916.
Total operating revenue	\$832,299	\$723,183
Net operating revenue	580,117	519,043
Net income	622,650	557,835
Surplus	373,715	308,900

**Canadian Pacific Railway.**—The gross earnings of the Canadian Pacific Railway Company for the first six months of the year show a gain of \$8,345,054, or 13.2 per cent., as compared with the first six months of 1916.

Gross and net earnings of Canadian Pacific for the six months ending June 30th in each of the past eight years are tabulated below:—

Six months.	Gross.	Net.
1917	\$71,356,776	\$20,997,448
1916	63,011,721	19,601,733
1915	42,927,084	13,901,050
1914	54,528,660	15,114,491
1913	65,869,508	19,114,723
1912	60,753,175	18,827,994
1911	48,380,154	14,083,121
1910	45,063,976	13,770,080

June figures of the company were about \$800,000 less in gross and about \$600,000 less in net than those of May. But as compared with June, 1916, gross stood 13.9 per cent. higher and net 6.1 per cent. higher. The lower ratio of the gain in net is explained by the increase of 17.5 per cent. in operating costs.

In June, 1916, operating costs absorbed about \$68.90 out of every \$100 received from the public; in June of this year they absorbed about \$71.20. Back in June, 1912, it was only \$66.10.

June figures, gross and net, over a period of eight years offer the following comparisons:—

June.	Gross.	Net.
1917	\$13,556,979	\$3,915,906
1916	11,892,609	3,689,633
1915	7,512,034	2,678,031
1914	10,054,421	3,335,625
1913	11,674,430	3,627,755
1912	11,311,397	3,846,601
1911	9,479,650	3,024,671
1910	8,807,817	2,717,916

**International Nickel Company.**—The company reports for the quarter ended June 30th last as follows:—

	1917.	1916.
Earnings	\$4,388,594	\$3,959,135
Other income	69,268	66,262
Total income	\$4,457,862	\$4,025,396
Expenses	896,368	222,422
Net income	\$3,551,494	\$3,802,974
Depreciation, etc.	487,678	497,400
Net profits	\$3,073,816	\$3,305,574
Preferred dividend	133,689	133,689
Balance for common	\$2,940,127	\$3,171,885

The balance for the common stock is equal to slightly in excess of \$1.75 per share on the issue, or at the annual rate of \$7 per share. In the quarter ended June 30th, 1916, the balance was equal to \$1.89 per share, or at the annual

rate of \$7.56. In the fiscal year ended March 31st last the company earned \$7.78 per share on the junior issue.

The balance sheet as of June 30th last compares with the same date of 1916 as follows:—

	1917.	1916.
<b>Assets—</b>		
Property	\$46,124,208	\$43,679,368
Investments	1,332,735	1,501,034
Inventories	6,361,214	4,649,941
Accounts receivable	2,660,325	2,246,387
Loans on call	515,000	1,015,000
Certificates of deposit	2,030,000	2,030,000
Cash	5,543,034	4,137,633
Total	\$64,586,516	\$59,268,364
<b>Liabilities—</b>		
Preferred stock	\$ 8,912,600	\$ 8,912,600
Common stock	41,834,600	41,834,600
Accounts payable	4,270,335	1,728,187
Preferred dividend payable	133,689	133,689
Common dividend payable	418,346	
Accident and insurance fund	218,060	193,208
Surplus April 1st	5,858,759	3,294,195
Profit and loss balance	2,940,128	3,171,885
Total	\$64,586,516	\$59,268,364

## RECENT FIRES

## The Monetary Times' Weekly Register of Fire Losses and Insurance

**Barrie, Ont.**—July 26—Mr. Joseph Howcroft's barn, containing thirty-two loads of hay, totally destroyed. Cause, lightning.

**Belleville, Ont.**—July 31—Mr. Ben Sanford's barn and outbuildings. Loss partially covered by insurance.

**Brandon, Man.**—July 24—Mr. W. S. Hunter's cattle-shed and granary totally destroyed. Estimated loss, \$5,000. Cause, lightning.

**Burnaby, B.C.**—July 22—Deer Lake Lumber Company's mill, owned by Doran Brothers and Son, of Vancouver, completely destroyed. Estimated loss to building, \$2,000, on which there was no insurance. Insurance to the extent of \$450 was carried on the electric motor which supplied the mill power. Cause, spark from burner falling on mill.

**Cheum, B.C.**—July 24—Mr. H. Armstrong's house and contents burned to the ground.

**Deroche, B.C.**—July 19—Mr. C. Cooper's general store, occupant, Mr. Wm. Murray. Public hall, post-office and unoccupied house all destroyed. Loss on general store, about \$10,000; insurance carried, \$5,000.

**Fernie, B.C.**—July 29—Elk Lumber Company's camp. Estimated damage so far, \$75,000; fire still burning.

**Fernie, B.C.**—Rock Creek Lumber Company; 1,000,000 feet of select lumber, No. 1 stock. Insurance carried.

**Clencoe, Ont.**—July 31—Woodburn flour mill burned to the ground. Estimated loss, \$40,000.

**Grand Narrows, N.B.**—July 21—Mr. Stephen D. McNeil's residence burned to the ground.

**Hamilton, Ont.**—July 31—Dominion Steel Foundry Company's plant badly damaged. Estimated loss, \$5,000.

**Macklin, Sask.**—July 27—Mr. W. A. Crich's bakery store destroyed.

**Montreal, Que.**—July 20—Mr. Legare's dwelling, 1924 Boyer Street, damaged. Cause, painter's torch.

**Newcastle, N.B.**—July 23—Union Hotel's barn.

**North Tay, N.B.**—July 22—Mr. Richard Haye's barn destroyed, containing a quantity of produce and machinery.

**Quebec City, Que.**—July 22—Rock City Tobacco's factory. Damage, \$2,000.

**Regina, Sask.**—July 25—Grand stand and other buildings at the Exposition grounds. Estimated loss, \$100,000.

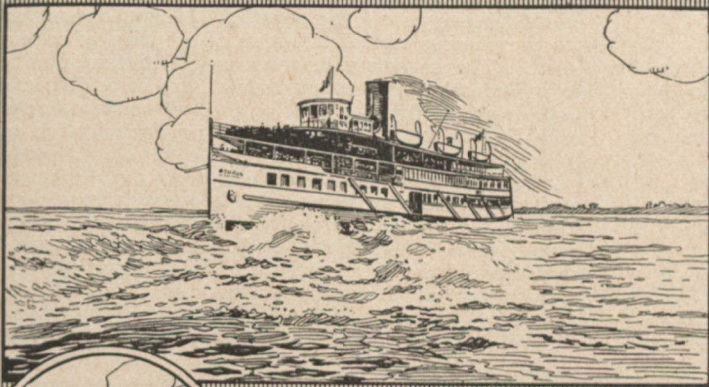
**Rodney, Ont.**—July 31—Mr. John A. McIntyre's planing mill, storehouse and office building. Loss, about \$6,000; insurance carried, \$4,000. Cause, spontaneous combustion.

**Rouleau, Sask.**—July 21—Mr. Frank Nolan's barn, containing 200 horses. Estimated loss, \$20,000.

**Salmo, B.C.**—July 11—Kootenay Shingle Company's plant and office buildings destroyed with the exception of one shingle shed. Loss, several thousand dollars.



# "NIAGARA TO THE SEA"



## A Magic Chain of Delightful Scenes

**M**AKES this famous 800 mile trip through America's greatest, and most interesting Waterway and Vacation Trip without parallel.

The service on our palatial steamers is unexcelled. The Falls of Niagara, the Thousand Islands, the Rapids of St. Lawrence, quaint old Quebec, Mur-

ray Bay, Tadousac and the Saguenay—all these attractions combine to make an ideal vacation trip.

The Saguenay River with its wealth of scenic beauties—its exhilarating atmosphere—never-ending source of enjoyment.

*WRITE for our beautifully illustrated booklet "Niagara to the Sea." It tells about a vacation trip every minute of which you will enjoy. Enclose 2c. to cover postage.*

**Canada Steamship Lines, Limited** 46 Yonge St., TORONTO  
R. & O. Bldg., MONTREAL  
or any Ticket Agent.

**Toronto, Ont.**—July 17—Glidden's varnish works, 382 Wallace Street, damaged. Estimated loss, \$300. Cause, boiling over of kettle of varnish.

**Vancouver, B.C.**—July 22—Roof fire at 1244 Broadway West. No insurance carried. Cause, defective flue.

### ADDITIONAL INFORMATION CONCERNING FIRES ALREADY REPORTED

**Amherst, N.S.**—July 11—By the fire of the International Engineering Company the following companies were interested: National, Hartford, \$35,000; Home and New York, \$25,000; Excess, \$30,000; Royal, \$25,000; Providence, Washington, \$20,000; Richmond, \$5,500; Law, Union and Rock, \$5,000; London Guarantee, \$10,000. Other companies interested are: North British and Mercantile, Phoenix of London, Etna, Hartford, Guardian, Rochester, Sun, Yorkshire, Springfield and Phoenix of Hartford, British America.

**Amherst, N.S.**—July 11—International Engineering Works, Limited, reports loss on building, \$5,000; on stock, \$70,000. Insurance carried in a blanket policy comprising twenty-seven companies. Total amount, \$375,000.

**Hudson, Que.**—July 22—By the fire of the Canada Ice Company's plant the following insurance companies were interested: On Building and Machinery—British Colonial, \$1,000; Globe and Rutgers, \$500; Guardian, \$2,500; Hartford, \$2,000; Home, \$1,250; Law Union and Rock, \$2,000; Liverpool and London and Globe, \$1,875; La Nationale, \$1,000; Richmond, \$3,200; North River, \$3,200; Lloyds, \$8,750; National Fire and Marine, \$1,500; New York Underwriters, \$1,500; Northern, \$3,750; Queen, \$2,500; Royal, \$2,500; Springfield, \$1,000; Union, \$1,000; Mount Royal, \$2,500; Excess, \$750. Total, \$44,450. Loss total. On stock, —British Colonial, \$1,000; General of Paris, \$1,000; Hamilton, \$2,000; Mount Royal, \$5,000; Nationale, \$1,000; Nova Scotia, \$2,000; Phenix of Paris, \$1,000; Royal Exchange, \$2,500; Springfield, \$3,000; Union of London, \$2,500; London Mutual, \$500. Total, \$21,500.

**Strathroy, Ont.**—July 13—By the fire which took place on the premises of the Dominion Cannery, Limited, the fol-

lowing insurance companies were affected: Etna, \$3,179; Providence-Washington, \$3,179; Queen, \$3,975; Hudson Bay, \$1,590; London and Lancashire, \$3,180; St. Paul, \$795; Nova Scotia, \$9,539; Atlas, \$2,384; National, \$11,924; Royal, \$11,924; Phoenix of London, \$3,974; Norwich Union, \$3,974; London Assurance, \$3,974; Western, \$3,974; Caledonian, \$3,180; Rochester Underwriters, \$1,590; Hartford, \$1,590; Generale of Paris, \$1,590; Canada National, 795; London Mutual, \$795; Montreal Underwriters, \$795; London and Lancashire, \$795; North-West, \$795. Total, \$79,490.

**Vancouver, B.C.**—July 10—The British Columbia Fir and Cedar Lumber Company, Limited, make the following report to *The Monetary Times* regarding their recent fire: Insurance on buildings, \$5,100; on stock, \$3,500. Insurance carried in the following companies:—

Name of company.	Insurance on stock.	Insurance on buildings.	Total insurance.
Guardian Assurance .....	\$ 94.95	\$161.38	\$256.33
Guardian Assurance .....	199.35	338.90	538.25
General Fire .....	189.85	322.80	512.65
Pacific Underwriters .....	56.95	96.85	153.80
Lloyds Policy .....	328.45	558.40	886.85
North River .....	284.80	484.13	768.93
Insurance Company of North America .....	151.90	258.20	410.10
Vulcan Fire Insurance ....	75.98	129.15	205.13
Lumber Underwriters .....	94.95	161.40	256.35
Federal Union .....	94.95	161.40	256.35
Alliance Insurance Company .....	165.20	280.80	446.00
Dominion Fire .....	94.95	161.38	256.33
London Mutual .....	37.97	64.60	102.57
Mechanics and Traders ...	113.95	193.70	307.65
Merchants Fire .....	208.85	355.05	563.90
British Crown .....	66.45	112.96	179.41
Factories Insurance .....	75.95	129.15	205.10
Nationale .....	94.95	161.40	256.35
Stuyvesant .....	189.90	322.80	512.70
Scottish .....	56.95	96.85	153.80
Scottish .....	189.85	322.75	512.60
Scottish .....	132.90	225.95	358.85

## BANKS HAVE STOOD THE TEST

### Federal Reserve System of the United States and War Conditions

How the Federal reserve system, created four years ago, has stood the test of nearly three years of war, four months of which time the United States itself has been engaged in the great conflict, is outlined in a statement prepared by Governor Harding, of the Federal reserve board. Governor Harding shows that the Federal reserve banks met the exigencies of the \$2,000,000,000 liberty loan transactions without a strain upon their resources, without an advance in discount rates, and that their total resources now aggregate more than \$2,000,000,000. Governor Harding's statement follows:—

#### Governor Harding's Statement.

During the month prior to the entry of the United States into the European war the Federal reserve board, recognizing the unsettled and disturbed condition of foreign affairs and the unusual influences to which domestic and financial conditions were subject, devoted special attention to the problem of immediately placing and of maintaining the Federal reserve banks in a strong and liquid condition. To this end the reserve banks were encouraged to refrain from making more than very moderate investments in securities. Even with respect to the purchase of commercial paper they were counseled to observe a policy of conservatism. As a result of the adoption of this plan of action the entry of the United States into the war as an active participant found the Federal reserve banks and, in consequence, the banking system of the whole country in an extremely satisfactory and strong position. On the 30th of March the reserve banks held against deposits a reserve of 82.1 per cent., while the combined national banks of the country held, on March 5th, \$813,028,000 of vault reserve, an excess of reserves over legal requirements of \$227,861,000.

#### Bank Act Amended.

The power of the Federal reserve system to render financial aid has been increased by recent legislation. The President on June 21st signed the bill amending the Federal reserve act, which in its original form had already passed the house of representatives on May 5th and the senate on May 9th. The broad purpose of the amendments is that of strengthening the gold reserves of the Federal reserve banks, and this end is accomplished in two principal ways. Arrangements are made for transferring to the Federal reserve banks the vault cash heretofore carried at the option of the banks either in their own vaults or with the reserve institutions. At the same time the non-member banks are encouraged to deposit their reserves with the Federal reserve banks by the making of liberal provisions which will enable them to exchange their gold for Federal reserve notes and to carry accounts with the Federal reserve banks for the clearing and collection of their checks. The other method chiefly relied upon to effect the purpose of the amendments is that of rendering the system more attractive to State institutions in the belief that they will become members of it.

The total resources of the reserve banks now aggregate over \$2,000,000,000, their cash reserves being over \$1,400,000,000.

#### Supply of Notes Increased.

In another way the Federal reserve system has endeavored to make exceptionally careful preparation for any possible demands that might be brought to bear upon it. The opening of the year had found it with a large stock of Federal reserve notes on hand, but it was deemed a measure of prudence almost to treble the available supply, \$761,000,000 of new notes being ordered. Moreover, in order to render these notes easily available they were distributed throughout the country at the various mints and sub-treasuries, where they were held subject to release by telegraph from Washington upon application of the Federal reserve bank nearest situated. Not only a note currency, but a ready means of distributing that currency without delay to the points where it was most needed was thus provided for.

Since January 1, 1915, the Federal reserve banks have been exercising the functions of fiscal agents, holding the funds of the treasury department in the 12 Federal reserve cities, other deposits being held in national banks outside

those cities. In providing for the exercise of this function of "fiscal agent," the Federal reserve act, however, contemplated the possibility of powers much broader than those involved in the holding of public deposits.

Not long after the declaration of war upon Germany the offering of the liberty loan was decided upon by the secretary of the treasury, and the question of organization and method for the placing and distribution of the loan at once presented itself. The secretary of the treasury determined to employ each Federal reserve bank as the head of a district organization designed for the distribution of the new bonds, and in each Federal reserve district such an organization was quickly developed about the local reserve bank as a centre.

Local bankers and financiers freely gave of their time and assistance to the furtherance of the work, and in each case the Federal reserve bank proved an efficient basis of organization. The several banks have, under instructions issued by the secretary of the treasury, received subscriptions to the loan and carried on the immense work of detail resulting therefrom, besides taking charge of the deposits in banks and general banking relationships growing out of the operation.

#### Sought to Aid Banks.

The Federal reserve board itself, besides co-operating closely with the authorities of the treasury department in efficiently conducting the loan operations of the Federal reserve banks, further sought to develop a general policy that would support and aid the banking community at large in taking and distributing the new issue of bonds. For this purpose it first established a special rate of 3 per cent. per annum for the discount at Federal reserve banks of the direct 15-day obligations of member banks secured by the temporary certificates of indebtedness which were issued in order to anticipate the proceeds of the sale of the new bonds.

Carrying further this same policy, it later established a 3½ per cent. rate of discount at Federal reserve banks intended for the 90-day paper of ordinary bank borrowers, thereby enabling the member banks of the system to extend accommodation to bond buyers in the assurance that they would be able to obtain accommodation from the Federal reserve banks by rediscounting these notes. In order to aid the customers of banks not members of the Federal reserve system, it further authorized the member banks to act as agents for non-member institutions by rediscounting the notes of bond buyers who desired to obtain assistance from their own banks without being obliged to transfer their business to member banks. Savings banks and trust companies were assured that the board would in every way co-operate with them in avoiding shock or disturbance to existing conditions, and that the Federal reserve system stood ready to extend to them reasonable accommodation in the event of necessity resulting from withdrawals made by depositors in order to purchase or invest in government bonds.

#### Confidence is Established.

In various other ways also rulings were put into effect with the purpose of easing the general monetary and financial situation, the result of which was to establish a general feeling of confidence throughout the country, the banks making loans to their customers at the 3½ per cent. rate, paid by the liberty bonds themselves, and obtaining aid from the Federal reserve banks as they needed it at the same rate.

Disturbance to the money market was avoided by permitting funds subscribed by customers of banks to remain on deposit in those banks until such time as they were needed for government disbursement. Rates on commercial paper remained stable and moderate throughout the whole operation, notwithstanding that it represented a greater transfer and shifting of funds than had ever before been attempted in any like operation in the history of the United States.

The whole process of selling the bonds, receiving subscriptions, transferring them to the credit of the treasury, and disbursing them upon government requisition has been carried through with remarkable ease, and constitutes a service to the country at large which would have been out of the question had it not been for the efficient organization and operation of the Federal reserve system.

#### Service Performed by System.

The general service performed by the reserve system can best be understood when the financial ease and quiet that have prevailed throughout the country ever since the opening of the war three years ago are contrasted with the disturbances and uncertainties which have been felt in former

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QUEEN VICTORIA ...	789,865 ...	4,575,410
KING EDWARD VII ...	3,500,670 ...	11,185,405
KING GEORGE V. ...	6,846,895 ...	15,186,090
and at		
31st DECEMBER, 1916 ...	7,980,685 ...	20,780,010

In addition the Company has a Subscribed Capital of Eleven Million Dollars (of which \$1,320,000 is paid up).  
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times in consequence of events of far less moment than those of the past three years. Panics or runs upon banks have been entirely avoided, while rates of interest throughout the country have been more moderate and uniform than ever before. The process of moving the crops, which in past years has given rise at times to serious stringency and high money rates, is now carried out without the slightest shock or interference with normal conditions. The banks, in general, enjoy a confidence they could not have acquired under any other conditions—a condition which is in itself perhaps the best contribution of the Federal reserve system to the general public welfare during the financial strain inevitably resulting from the war.

## PROVISIONS OF INCOME TAX BILL

### Exemptions, Methods of Appeal and System of Collection —Deduction from Incomes

Under the income tax measure of Sir Thomas White, any person making a false statement in any return required by the minister of finance will be liable on conviction to a fine not exceeding \$10,000 or six months' imprisonment, or both. For each default in complying with provisions of the act governing returns the person will be liable to a penalty of \$100 a day during the period of default. Boards of referees, consisting of not more than three members, are to be appointed by the governor-general-in-council, and will act as courts of revision and hear appeals. The boards will have power to confirm or amend an assessment. If an appeal is unsuccessful, the board may direct that the appellant shall pay the costs or part of the costs, but if the appeal is successful it may recommend that all or part of the costs be paid by the Crown. The Exchequer Court fees will apply in connection with the administration of the act.

#### May Make Appeals.

If a taxpayer is dissatisfied with the decision of a board of referees, he may within twenty days appeal to the finance minister. Such appeals will come under the exclusive jurisdiction of the Exchequer Court.

The bill provides that "every person liable to taxation under this act shall, on or before February 28th in each year, without any notice or demand, deliver to the minister a return in such a form as the minister may prescribe of his total income during the last preceding calendar year. In such return the taxpayer shall state an address in Canada to which all notices and other documents to be mailed or served under this act may be mailed or sent." The bill also provides that all employers shall make a return of all persons in their employ, liable to taxation under the act, and all corporations, associations and syndicates shall make a return of all dividends or bonuses paid shareholders or members, and these returns must be forwarded to the minister of finance on or before February 28th in each year. Returns in the case of corporations, associations or other bodies shall be made and signed by the president, secretary or chief agent having a personal knowledge of the business.

#### Incomes Exempt.

The act makes it compulsory on the part of employers to deduct from salaries of employees subject to the income tax the amount of the tax and to forward it to the finance department.

The following incomes are exempt from the operation of the tax: the income of the governor-general and of consuls and consuls-general who are citizens of the country they represent and not engaged in any other business or profession; the income of any company, commission or association of which not less than 90 per cent. of the stock is owned by a province or municipality; the income of religious, charitable, agricultural and educational institutions, boards of trade, chambers of commerce, labor organizations and benevolent and fraternal societies; the incomes of mutual corporations, not having a capital represented by shares and no part of the income of which inures to the profit of any member thereof, and of life insurance companies, except such amount as is credited to the shareholders' account; the incomes of clubs, societies and associations, organized and

operated solely for social welfare, civic improvement, pleasure, recreation or other non-profitable purposes, no part of the income of which inures to the profit of any stockholder or member; the incomes of such insurance, mortgage and loan associations operated entirely for the benefit of farmers as are approved by the minister; the incomes derived from any bonds or other securities of the Dominion of Canada, issued exempt from any income tax; the military and naval pay of persons who have been on active service overseas during the present war in any of the naval or military forces of His Majesty or any of His Majesty's Allies.

#### Deduction from Incomes.

From incomes the following will be deducted for the purpose of the tax: the value of property acquired by gift, bequest, devise or descent; proceeds of life insurance policies paid upon the death of the person insured; such reasonable allowance as may be allowed by the minister when determining the income derived from mining and from oil and gas wells as shall make an allowance for the exhaustion of the mines or wells; the amount subscribed and paid by a taxpayer during the year to the Patriotic and Canadian Red Cross funds and other patriotic and war funds approved by the minister. For the purpose of the normal tax the income embraced in a personal return shall be credited with the amount received as dividends upon the stock or the net earnings of any company or other person which is taxable upon its income under the bill.

## NEXT DOMESTIC LOAN AND INCOME TAX

### "War Loans are Free from Any Income Taxation, and They Must Be," Says Sir Thomas White

It is doubtful whether the \$100,000,000 Canadian loan floated in the United States this week, will obviate the necessity of another domestic war loan late this fall. Larger borrowing in the United States might have postponed our fourth internal war loan until January, February, or even March. As it is, the strength of the Canadian investor may have to be tested again in November.

One may almost read a plain sign in Sir Thomas White's speech on his income tax proposals, to the effect that the next domestic war loan will be exempt from the Federal income tax. He said:—

#### Must be Tax Free.

"The government war loans are free from any income taxation, and they must be. It is absolutely impossible for this government to issue its bonds to the amount which is and will be required for the war expenditure of the Dominion unless those bonds are income tax free, so far as Dominion legislation is concerned. The reason is that men buy securities to yield a certain interest rate. Sometimes the difference between 5.30 and 5.40 per cent. will determine whether a man will or will not buy a bond.

"The value of securities is regulated having regard to market conditions and the value of all other securities, and in offering Dominion issues, put out as we must put them out to finance a war of this kind, the uncertainty of an income tax so far as the future is concerned, or a heavy income tax so far as the present is concerned, means that people will not buy those bonds to the extent they otherwise would. And there is this further point to be considered.

#### Broad as it is Long.

"If you should sell your Dominion bonds without that provision that they are income tax free, it would only mean that you would have to sell them to yield a higher rate than they yield to-day. So it is as broad as it is long; you would not get as much for your issue of securities as you get for them to-day, free of income-tax. That is a question that has perplexed many chancellors of the exchequer. In the United States they have issued their loans free of income taxation for the reasons I have mentioned. Even in England, which is the home of the income tax, where they struggled to the utmost against issuing securities free of income tax, in connection with the last loan in London they gave an alternative, one free of income tax and another subject to it."



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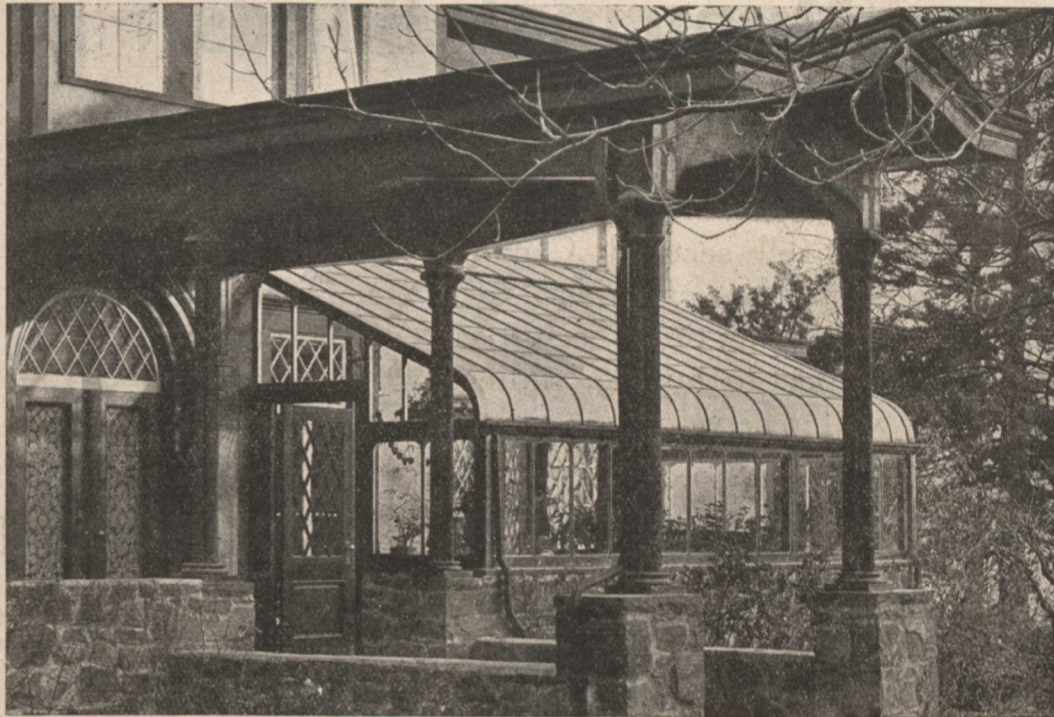


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