

HOW THE OTHER TWO LOANS WERE ALLOTTED

The heavy oversubscription of the previous war loans raised unusual interest in the question of allotment. The government decided to allot the bonds as follows:—

War Loan, November, 1915.

(1) All subscriptions of \$50,000 and under were accepted in full.

(2) Subscribers, other than the chartered banks, for amounts exceeding \$50,000 were allotted their subscriptions in full, but were allowed to withdraw or reduce the amount of their subscriptions by written notification lodged with the finance department on or before December 18th, 1915.

(3) The chartered banks, which subscribed an aggregate of \$25,000,000 were allowed to take such portion of their subscription as they desired, but so that the total issue did not exceed \$100,000,000.

Of the total loan so increased to \$100,000,000, the government employed \$50,000,000 to establish a credit with the finance department for the Imperial treasury.

War Loan, September, 1916.

(1) Subscriptions of \$25,000 and under were allotted in full.

(2) From \$25,000 to and including \$100,000, the first \$25,000 in full, the remainder 30 per cent.

(3) From \$100,000 to and including \$1,000,000, the same as (2); the remainder 40 per cent.

(4) In excess of \$1,000,000, the first \$1,000,000 the same as (3); the remainder 26 per cent. approximately.

The working of this principle was this: Subscriptions from \$25,000 to \$100,000 were allotted an average of 58 7-10 per cent. of the sum subscribed; subscriptions from \$100,000 to \$1,000,000, an average of 40 per cent. of the sum subscribed; subscriptions over \$1,000,000, an average of 31 2-5 per cent. of the sum subscribed.

No allotments of the \$50,000,000 subscribed by the banks were made, but a credit of \$50,000,000 was established here for the Imperial treasury.

Subscriptions of \$25,000 and under (and possibly \$50,000 and under) will probably be allotted in full in the present loan.

BONDS ARE GOOD COLLATERAL

The banks regard the Dominion war bonds as excellent collateral for loans to 80 or 90 per cent. of their market value.

HOW TO HELP EMPLOYEES BUY BONDS

Various Canadian firms have encouraged their employees to subscribe to our war loans. Similar methods will be used in regard to the current loan.

Bonuses in war bonds will be paid by some firms. Others have arranged to act as bankers for employees who wish to buy a war bond. In other instances co-operative bond clubs have been formed to provide each member with a bond.

BANK DEPOSITS ARE LARGE

In August, 1914, deposits withdrawable after notice (largely made up of savings), in the chartered banks of Canada totalled \$659,399,151. Two Dominion war loans aggregating \$200,000,000 have been floated since then, but savings deposits, according to the latest bank statement, that of January, now amount to \$864,163,344, an increase of \$205,000,000, or 31 per cent. since the outbreak of war. This total has probably been augmented during February and March. The figures give an indication of the funds likely to be available for the current war loan.

"Canada fights as splendidly in the financial area as in the stricken field, and no acknowledgment could be higher than that."—London Financial News.

PAYABLE IN NEW YORK

United States Investors Have Bought More Than \$55,000,000 of Canada's War Bonds

"As an investment field Canada is worthy of consideration," was a statement contained in a recent editorial of the Wall Street Journal, one of the leading and most reliable financial authorities of the United States. The article continued: "Consider the Canadian position at the close of the war. The pressure of the British government for war loans will tend to liquidate the market there as it has the London exchange, and prices will be low. Even now Toronto is borrowing at 5 per cent., Dominion fives are on a 5 per cent. basis, and ultra conservative securities like Ontario fives of 1920 and Newfoundland fives of 1919 are on about a 4.9 basis, while the city of Edmonton, a good western municipality, has bonds outstanding on a 5.90 basis that are due in 1921.

"The basis of Canada's riches is the fertility of her soil, and no freak of warfare can injure that, while her grain will increase in demand as the population of the world grows. Farm labor has not tended to unionize and even if it could, the Canadian system of deferring strikes pending investigation, has shown itself of incalculable value. Her banking system is tried and of proven worth."

Securities not Foreign.

Discussing the favor in which Canada's war loans are held in the United States, a recent New York dispatch said: "First, in the opinion of many investors, a loan made to the Dominion is not strictly a loan to a belligerent government; second, some feel that Canada is not likely to be invaded by the enemy; third, the geographical proximity of Canada to the United States takes the Dominion out of the class of 'foreign' nations in the conception of many investors, and, fourth, sentiment in this country is such that the average United States investor is more friendly disposed towards Canadian people than to the people of the European belligerent countries."

Payable in New York.

About \$25,000,000 of the first war loan was disposed of to United States buyers and \$30,000,000 of the second loan. Bonds of Canada's third domestic loan are payable in New York as well as in Canada. This will prove a strong attraction to United States investors. A substantial volume of buying by bond houses and investors, large and small, in the United States is anticipated.

STRENGTH OF BANKING POSITION

The Canadian banking position is one of great strength. The banks have followed the best British traditions of finance and have inspired considerable confidence in Canadian credit and national finance the world over. The banks and the Dominion government regularly consult to review the financial situation, and the government furnishes estimated requirements before new commitments are requested. Precautionary arrangements have been made by the British and Canadian governments under which the Canadian banks can at any time, under certain minor restrictions, convert their holdings of government securities into cash should it be necessary to take such a step.

The most marked and satisfactory feature of the Canadian banking situation is the remarkable position of liquidity, the result of which is that the banks will be able to meet successfully any emergency arising through war conditions.

SUBSCRIPTIONS TO THE OTHER TWO LOANS

The \$50,000,000 war loan of November, 1915, was subscribed to the extent of \$104,000,000 by 24,803 subscribers and the loan was therefore increased to \$100,000,000.

The second war loan of \$100,000,000 in September, 1916, was subscribed by over \$200,000,000 by 30,000 subscribers.

The third war loan of \$150,000,000 should be well oversubscribed by at least 40,000 or 50,000 subscribers.