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THE GENERAL FINANCIAL SITUATION

The Minister of Finance has issued this week a lengthy and decidedly interesting statement discussing the financial aspect of Canada's war efforts. The point which has most attracted public attention in a statement which was no doubt designed to prepare the way for the forthcoming new War Loan, is a passage referring to the market position of the existing Victory Bonds. "To-day," Sir Thomas White remarks, "any investor is able without delay to realize for his Victory Loans what he paid for them, and the probability is that before the next issue is made, securities of the last Victory Loan issue will stand well above their original cost." This statement would seem to indicate either that the investment demand for the original Victories continues so strong that the committee in charge of their marketing feels that another early rise in their fixed price is justifiable, or that the terms of the new Loan will not be quite so favourable as the last. Possibilities in the latter direction are a shortening of the maximum length of life of the Loan, from 20 years to, say, 15 years, and restrictions of the income tax free privilege. The announcement that either of those steps is to be taken in connection with the government's new issue in the fall would certainly have a highly favourable effect upon the market for the existing bonds. It is noteworthy that while some time ago it was stated unofficially at Ottawa that a definite decision in favour of freedom from taxation had been come to, this statement has not so far been officially confirmed.

A further interesting point made in the Minister's statement is that up to date over \$40,000,000 of Victory Loan securities have been traded in. The amount is not large considering the size of the loan, which aggregated \$400,000,000, and indicates that from the start the loan was exceedingly well placed, and that forced realizations by people who subscribed for more than they could take care of, were by no means excessive. From another point of view this figure of \$40,000,000 is decidedly interesting, as showing the extent of present-day investment power in Canada. Buying of Victory Loan to this extent has gone on coincidentally with the absorption of nearly \$50,000,000 provincial and municipal bond issues. That in seven months so large an absorption of high-grade security issues should have taken place is nothing less than remarkable,

and constitutes the best possible ground for confidence regarding the success of future War Loan issues.

While an official statement is still lacking, the unofficial details which have been lately coming out show that some decisions of real importance respecting the future industry, trade and development of the resources of the British Empire were taken at the recent Imperial Conference. What is aimed at, apparently, is the organized exploitation of the whole Empire's resources, primarily for the benefit of the Empire. Government control, to some extent, of production, transport and distribution, particularly of essential products, for several years after the war is foreshadowed—a necessity which has been evident for some time past. How far this Government control will extend remains to be seen. The chief interest for Canada in the new arrangements lies in their assurance of the future supply of adequate funds for the development of Canadian industries and resources of a vital character. While in the last four years Canada has made enormous strides in the matter of the supply of funds for her own needs, it has to be remembered that this effort has only been accomplished under the stress of dire necessity, and through the suppression for the time being of various methods of the use and investment of capital, which, under other circumstances, are not only legitimate but necessary. After the war, the spur to use our own capital in development will remain, but it is clear that under the then circumstances, we shall not be able to supply more than a small proportion of the capital necessary for our development. The Chronicle has always held the opinion, and has freely expressed that opinion on many occasions, that after the war, Canada would stand in a most favourable position among the younger nations, in regard to this vital matter of obtaining capital for necessary development. The decisions lately made by the Imperial Conference justify this contention. There will undoubtedly be strings to this capital. The old happy days when anyone who invested to raise capital, even if for an economically useless purpose, had full opportunity to do so, have gone, certainly for a generation. But lack of freedom in this respect will not be altogether a drawback. It will result in less waste of capital, and the application of what is available to good purpose in the all-round economic development of the Dominion.

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