

AMERICANS AND THE VICTORY LOAN

The subscriptions sent over from the United States to Canada's domestic war loans, issued before our great neighbor entered the war, were quite important; and furthermore in the case of those loans our bonds were actively sold in the United States subsequent to the closing of the respective subscription periods. It was currently estimated that investors on the other side of the boundary line had taken as much as \$70,000,000 or \$80,000,000 of our first three issues. It will be remembered that Canada's third loan was floated just before the Washington Government declared war; and it therefore received a goodly measure of outside support. When our fourth domestic issue (the first Victory Loan) was brought off, American investors were more or less under compulsion to reserve their available funds for the war issues of their own Government and only comparatively small amounts came over to contribute towards our great total of \$400,000,000 in subscriptions. In other words Canada carried that big transaction through practically without outside assistance. That is what she expects to do again on the present occasion. As a result of the successful placing of \$750,000,000 of domestic issues, our self-reliance is increased and we approach the second Victory Loan (which constitutes the fifth domestic issue) with all confidence that it will be brought to a successful conclusion by our own unaided efforts.

At the same time, notwithstanding the circumstances above referred to, there will be a certain amount of money remitted from the United States for the purchase of the new Victory bonds. There are many Canadians resident there who have sent subscriptions to all or most of the four preceding loans, and who will do the same in case of this one. Many of these expatriated Canadians are wealthy, and the amounts they send are of considerable assistance. Then, of course, there will be some substantial remittances from American industrial, mercantile and other concerns having branch establishments or extensive business connections in Canada. Notwithstanding that they are hard hit by the increased taxation provided for in the new war revenue bill at Washington, most of the American concerns closely connected with Canada's business life will feel that they should subscribe something to the Dominion's war loan. The canvassers and organizers here will no doubt enlist the co-operation of the Canadian managers or representatives of the American companies in procuring subscriptions from their head offices. Also we can always count on a few subscriptions from American capitalists or investors desirous of showing their appreciation of the part played by Canada on the battlefields of France and Flanders; and a certain number will be attracted by the soundness of the investment in Dominion bonds and the comparatively high return obtainable on them.

When the Liberty Loan opened at the end of September the premium quoted here on New York funds tended upwards. One explanation of this movement was that it reflected the action of American banks and other corporations in recalling their Canadian balances for purposes of Liberty Loan payments; also Americans resident here were understood to be remitting funds home for subscription purposes. The movement of funds in connection with our new Victory Loan flotation will be in the opposite direction and should supplement the effects of the long delayed grain export movement in improving our exchange position.

A CANADIAN NATIONAL OCEAN SERVICE

It is evidently the policy of the Dominion government to embark upon an extensive programme of ocean shipping. The government has placed contracts with Canadian shipping yards for the construction of 31 steel steamers. These contracts, it is claimed, have been placed on advantageous terms. "So much is this the case," said Hon. C. C. Ballantyne, Minister of Marine and Fisheries, recently, "that if the government at the present time decided to dispose of some of the contracts already concluded, very substantial profits would accrue. The policy of the government, however, remains what it was at the outset—to retain for the use and advantage of the people of Canada all vessels in the contract or to be hereafter contracted for." These arguments sound familiar; they recall those advanced within the past two years in support of the acquisition of the Canadian Northern, and many years ago in favor of the construction of the National Transcontinental. Our old national road the Intercolonial, has continually been operated "for the use and advantage of the people of Canada," in return for which privilege they have had to meet from the public purse a chronic deficit. Are the prospects any better in the case of the ocean services now planned?

Even supposing that the Dominion Government has secured ships at attractive prices in view of present conditions, it is obvious that a worse time could not very well have been selected at which to invest the capital for such an enterprise. The prices of materials, of labor and of the completed ships are enormously higher than they were a few years ago, and it is a pretty safe assumption that they will be lower within the next few years. The capital invested, therefore, will represent a minimum of producing assets. If present programmes are successfully completed the number of merchant vessels in the world at the close of the war will greatly exceed the number in 1914, and when the short period of readjustment, during which transportation in abnormal quantities is required, comes to an end, it may reasonably be expected that passenger and freight rates will drop considerably. Quite apart from these factors is the more general view, which has been established time and again in actual practice, that the state cannot operate such an industry as satisfactorily as can a private concern. It must be admitted, however, that there is this difference between a government steamship and a government railroad program, namely, that in the former case the capital is invested in assets which are readily saleable provided the ships measure up to reasonably good standards, while in the latter case a road unwisely constructed may be worth very little more than the material of which it is composed.

This ocean service is, it is stated, to be operated in conjunction with the national railway system, the whole forming a scheme similar to that operated by the Canadian Pacific Railway Company. Presumably, therefore, it will compete with the Canadian Pacific system. If in future years the government system does not operate upon a paying basis, will the same measures be adopted as have been used to make the earnings of the weak Canadian roads measure up towards those of the Canadian Pacific,—will deficits be met out of the national purse, or will the ships and other property be disposed of at a loss?

In the editorial last week entitled "Accountancy as a Profession," reference was made to the American Institute of Chartered Accountants. The correct name of this society is the American Institute of Accountants.