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DOMESTIC BORROWING.

All things considered, it does not appear desirable that a large amount of Canadian money should be invested in the Anglo-French loan in the United States. The loan will have probably a very free market in New York, and on that account it may be rightly considered as a desirable investment by some of the banks, to whom the ability to turn a considerable proportion of their investments into cash at a moment's notice is a matter of primary importance. But there are very good reasons why other investors, whether institutions or private capitalists, to whom this quality of marketability is of comparatively minor importance, should not be in a hurry to take up the bonds, attractive as are the terms upon which they are offered. The loan will be of benefit to Canada, but only indirectly, in the expected steadying of the exchanges as a result of it. None of the funds raised in the United States will be spent in Canada, it being understood that it is a condition of the loan that all the funds provided shall be expended in the United States. A more patriotic course than that of subscribing to this loan would be the placing of any available funds in Canadian securities which, while not perhaps ranking in quality with the Anglo-French loan will yet certainly not keep the investor awake at night worrying about the security of his capital. Moreover, the investor will lose nothing in income by following this course. It has been well pointed out that while by a subscription on the underwriting terms to the Anglo-French loan, the investor can secure a yield of 6 per cent., that yield is for five years only, whereas by the purchase of Canadian long-term municipal debentures, an ample selection of unquestionable security being now at hand, he can ensure this rate for a term of twenty, thirty, in some cases, even forty years.

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Apart from these investments which are at present available, the matter of a domestic loan by the Canadian Government in the course of a few months has been persistently canvassed, and yesterday the Minister of Finance in a Toronto ad-

dress intimated that a loan of this character is contemplated. Such a loan will certainly be an innovation in Canadian finance and there are many who are inclined to doubt if it can be made a success, having regard to the comparatively small amounts of funds in Canada available for this class of investments. Advocates of the loan point, of course, to the present very large notice deposits of the banks as conclusive evidence that a call by the Dominion Government for fifty or a hundred millions would evoke a sufficient response. But this argument is not conclusive, since it is known that the total of these deposits is swelled to a very considerable extent by special deposits and by temporarily idle funds and larger cash balances than normal which would not be necessarily available for permanent investment of the proposed character. In any case, Mr. White has undoubtedly availed himself of the information possessed by the banks and the leading financiers regarding the feasibility of a domestic issue before coming to a decision in regard to it.

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There can be no question as to the desirability of such an issue, with a view to minimizing borrowings from Great Britain to meet military expenditure, always provided that those with the best information concerning available funds in Canada are satisfied that financing of such a character could be successfully accomplished without prejudice to the regular supply of sufficient funds for the carrying on of the trade and industry of the Dominion. Apparently they are so satisfied. If an educational campaign could be carried on in connection with the issue, which would have the effect of bringing out the long-hoarded contents of old stockings, so much the better—in this matter a good deal might be learnt from the educational campaign of the British Government at the time of issue of the last war loan. It is certainly of great importance at the present time that the financial resources of the overseas Dominions should be mobilised as effectively as possible in order that not only may the drain upon the mother country be lessened, but that they may give of their strength and means in the common cause to the full.