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Banking, Insurance and Finance

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THE GENERAL FINANCIAL SITUATION.

(Continued from Front Page.)

which naturally enough little is heard, is the numerous orders of all kinds now being executed in Canadian mills and industrial plants for account of the United States Government. In the course of a few months, an important volume of these contracts should be completed, and combined with the export of what is hoped to be a bumper grain crop, should have a marked effect upon the exchange. The prohibition of various exports, which has been considered necessary on both sides of the line, has had undoubtedly a marked effect upon the recent course of New York Exchange, particularly the American embargoes on raw materials which have had a serious result in interrupting the supply to Canadian plants of essential raw materials needed for the manufacture of munitions and in other lines. Then, again, the surplus of last year's crops available for sending forward on the opening of spring navigation was somewhat less than usual, as a result of large winter shipments on account of the urgent needs of the Allies. The shipping shortage, and the present-day necessity of using all available tonnage for the transport of men, has also to be recognized. In any case, while the adverse exchange is a considerable inconvenience to those upon whom is imposed the necessity of making large remittances abroad, including public authorities, many of whom have had to meet lately maturing short-term obligations in New York, so far as it operates to restrict unnecessary expenditures abroad, the adverse exchange at the present time, has its good points. But under the present circumstances of Canadian prosperity and free-spending, it is doubtful whether the adverse exchange has any marked restraining influence in this direction.

BANKERS APPROVE McADOO PROPOSALS.

Our contemporary, the New York Journal of Commerce, says :—

Announcement by Secretary of the Treasury McAdoo of his plans for the issuance of $6,000,000,000 in certificates of indebtedness between now and next November was generally accepted with approval in the financial district yesterday, where the opinion was expressed that the course outlined should enable the Government to raise the funds it will require with a minimum strain upon the money market. The certificates will be issued in anticipation of the next loan which is expected to be floated in the fall, and, it is held, should pave the way for the successful absorption of a larger amount of bonds than has been put out in any one issue to date.

Mr. McAdoo's determination to force a wide distribution of the certificates is seen in the statement of his intention to notify each bank of the amount which it will be expected to take. In this he is merely following up in a little stronger term his appeal to the banks to purchase certificates of indebtedness in anticipation of the Fourth Liberty Loan. The part of the announcement which is regarded as most significant is the following:

"The Federal reserve banks will advise all national and State banks in their respective districts of the amount of certificates which they are expected to take from time to time in pursuance of this program, which amount can be figured roughly to equal 2½ per cent. of the gross resources of each bank and trust company for every period of two weeks, or a total of 5 per cent. monthly.

Bankers in New York believe that there will now be no question that all sections of the country will do their part. The financial institutions of the country are lined up squarely behind the Government they say and none of them are expected to take objection to the suggestion of the Treasury Department even though this comes in a form approximating a command. From the standpoint of the New York district which took more than half of the Treasury certificates of indebtedness put out during the early war period, the policy of Secretary McAdoo is regarded as highly advantageous.

"During the Liberty Loan campaigns the Government was very desirous of obtaining as many subscribers as possible," said one financial authority yesterday, "because it recognized that a man who owns a bond would be enlisted for the war. The same reasoning underlies the present move. The nation needs the support of all its banks and financial institutions. Further, it is desirous that they should be actively engaged in carrying Government securities before the people. Every bank that invests in certificates of indebtedness will have a new interest. It is certain that it will try to dispose of these certificates so far as possible to corporations and individuals. This will mean that before the next loan is launched a long step will have been taken in the direction of its successful flotation.

"Of the Liberty Loans to date the Third was notable for the largest number of subscribers and for the distribution of bonds over all sections of the country. New York took proportionately more bonds of the first two issues than any other district; in the final showing on the last loan it ranked well to the bottom of the list. This was not because New York failed but because the other districts far exceeded their previous efforts. I am convinced that anticipation of the issue by fairly wide distribution of certificates of indebtedness was in large measure responsible for this."

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