

TREASURY BILLS WILL BE ISSUED

Despite the Federal Reserve Board's Opinion—Canadian Banker's View—New York Opinion

The announcement of the Federal Reserve Board, Washington, in the nature of a warning to member banks against employing their reserves in foreign short-term securities has created a considerable stir in Canada, some papers even having commented that it was a blow directed against the welfare of the Allies.

In a statement yesterday to *The Monetary Times*, Mr. F. L. Appleby, manager of the foreign exchange department of the Union Bank of Canada, Toronto, said:—

"There is no doubt that, coming as it did, at a time when Messrs. J. P. Morgan and Company were endeavoring to place British government treasury bills, and the New York banks had advanced the call money rates, it will result in the British government paying far more for any such accommodation than they anticipated, and certainly to that extent it is a serious blow. An indirect but important, and to the British costly, effect may be that it will result in the continuance of a 6 per cent. Bank of England rate.

High Interest Centre.

"Outside of that, we doubt if much harm will be done, as there has never yet been discovered any way of preventing money being drawn to the high interest bearing centre other than absolute lack of confidence, which at present does not exist, and those banks deeming the security good, or pro-Ally in sentiment, will in all probability continue to invest, while those pro-German in sentiment will refrain from doing so.

"It is more than likely that the real motive was political, namely, an attempt to make the present government appear in the light of a champion of cheap money for the people.

"Generally speaking, the effect will be very small when compared with the amount of discussion raised, as the banks are forced to employ their money somewhere in order to pay interest to their depositors. If there is not a sufficient supply of short-dated American securities, the banks are forced to look elsewhere."

Opinion in New York.

As in other matters involving action by the Federal Reserve Board, national bankers of the United States are naturally reluctant to express any opinion which would appear to criticize the board. "But, unofficially," says the *Wall Street Journal*, "there is considerable criticism expressed in regard to the board's attitude in this matter. Many bankers are saying that while there is need of caution, the board is taking an entirely too narrow view, if it does not transcend its legitimate functions. Some bankers say: 'What are we going to do if we continue to ship goods to the Allies? We must either be satisfied with their credit and ready to take their obligations for future payment or else we must stop shipping goods. If our customers are not good, then we should not sell them goods.'

"In some quarters the Reserve Board is said to be stultifying itself in respect of a former ruling. By ruling that bankers' acceptances could be renewed without impairing the liquid quality of the original transaction the banks went ahead with certain foreign acceptances which enjoyed the privileges of being rediscountable at the Federal Reserve Bank. It was pointed out when this ruling was made, that a renewal of an acceptance becomes virtually a finance bill, but inasmuch as the board ruled in favor of the renewals its present contentions that a renewal of treasury bills is unsound discloses a vacillating position."

Will Issue the Bills.

The proposed offering of a series of short-term treasury notes by J. P. Morgan and Company, for the British and French governments, it was authoritatively stated in New York on Wednesday, will be made, regardless of the warning issued by the Federal Reserve Board. The notes, ranging from thirty days to six months, will be issued in limited amounts in response, it was said, to a widespread demand from banks and investors and will not be renewable. Bankers representing the Allies declined to say to what extent, if at all, future international undertakings may be affected by the action of the Reserve Board.

OPPORTUNITY FOR YOUNG ACCOUNTANT

An opportunity is available for a young accountant to start in business for himself, an office and small salary being provided as a commencement.

WILL NOT SELL SECURITIES FOR A YEAR YET

In a statement to *The Monetary Times* this week regarding the Manitoba government's proposed rural credits bill, Hon. Edward Brown, provincial treasurer, said: "The province has no intention of issuing any securities for a year at least. The market should not get an idea that we propose to issue securities in large amounts for the purposes of this bill. When we come to the question of issuing bonds, these will be put on sale continuously within our own province. No large sums will be offered at any one time."

DOMINION LINEN COMPANY EXPANDS

Growth of business necessitates an expansion in the equipment of the Dominion Linens, Limited. To provide for this, a stock offering is being made. Messrs. Ferguson, Sanson and Graham, Toronto, are offering the balance of \$175,000 7 per cent. preferred participating cumulative shares, full particulars of which are given on page 37 of this issue. The objects of the issue are to construct new buildings; to purchase and install spinning plants, additional looms and other equipment and to furnish working capital. The additions and improvements mentioned are well under way.

The earnings for the first six months of 1916 show over 15 per cent. on the common stock, after paying 7 per cent. on the preferred. It is anticipated that the enlarging of the mills and introduction of spinning plants will further increase the rate of earnings.

The directorate of the company, which is under good management and direction, is as follows: Mr. D. M. Sanson, president, Guelph; Mr. J. W. Lyon, vice-president, Guelph; Messrs. G. D. Perry, F. Barry Hayes, G. H. Muntz, J. B. Ferguson, Toronto, and Messrs. G. B. Ryan, W. Berry, Guelph. Mr. H. A. Hignell is secretary-treasurer.

Mr. T. G. McConkey, general superintendent of the Canada Life Assurance Company, is visiting England in connection with the company's activities there.

Captain Dr. Fox, of the Orpington Hospital, who is visiting Toronto, has brought with him a number of moving picture films depicting the work of the Canadian Hospital Corps. A special exhibition of these pictures was given for the members of the government and the press at the Ontario Parliament Buildings, Toronto.

Lieutenant Benson Wright, the son of Mr. Alfred Wright, Canadian manager of the London and Lancashire Fire Insurance Company, has been killed in action. The late Lieutenant Wright, enlisted with the Mississauga Horse and was later granted a commission and went overseas with the 75th Battalion and was slightly wounded in August. Shortly after returning to the front he was killed.

Mr. David McNicoll, former senior vice-president of the Canadian Pacific Railway Company, died at Guelph on Sunday last. The late Mr. McNicoll was born in Arbroath, Scotland, in April, 1852, and entered the railway service as clerk with the North British Railway in 1866. He then went to the Midland Railway, England, in the year 1873. Coming to Canada he entered the Northern Railway of Canada at Collingwood, Ont., as billing clerk in 1874. From there he went into the general manager's office of the Grey and Bruce Railway at Toronto, where he stayed during the years 1874-81, was general freight and passenger agent of the road in 1882, leaving the next year to become general passenger agent of the Eastern and Ontario division of the Canadian Pacific Railway, from which position he rose step by step till, in 1893, he was made 2nd vice-president and general manager of the line. Since then he held the post of vice-president and was appointed a director of the company in 1906. Mr. McNicoll was a director of The Molsons Bank and of other institutions.