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THE GENERAL FINANCIAL SITUATION.

The appointment of the Minister of Railways as receiver of the Grand Trunk Pacific Railway in order to keep that road and its subsidiary undertakings in operation, makes a dramatic and, at the moment, somewhat unexpected milestone in the eventful history of that undertaking. The receivership is due to the fact that the increased rates applicable to the road have not been sufficient to meet increased operating expenses, which suggests that there will be immediate calls on the national treasury in order to keep the system going. Apart from this very practical consideration, the chief interest of the present move lies in the effect it will have on the future policy of the Government in regard to the railways generally. The effect of the new developments will probably be to strengthen the sentiment which is evident in various quarters, and is perhaps, particularly strong in the West, in favour of Government ownership and operation of the various railroads. What effect it will have upon the much-discussed taking-over of the parent Grand Trunk system remains to be seen.

The past week has seen a further strengthening of the market for high-grade investment issues, and the Government war loans, which now constitute the Canadian barometer for this class of business, are selling practically on a 5 per cent. basis. This improvement in Government credit, a very rapid improvement when all the circumstances are taken into consideration, is, of course, a matter of extreme importance to all new borrowers, particularly the provinces and municipalities, the trend of whose credits follows closely that of the Federal Government. A new issue this week is made by British Columbia of \$3,000,000 20-year 5½ per cent. gold bonds, which are being sold to the public at 101.21 and interest to yield 5.40 per cent. This price compares very favourably with the price paid for accommodation by the province a few months ago.

It appears that foreign, particularly American buying, has a good deal to do with the present strength of the Canadian bond market. With New York funds at their existing premium in the Dominion, Canadian securities are, of course, so much the more attractive to American buyers, and in view of their substantial interest yields in comparison with those afforded by American securi-

ties of similar standing, the demand for our bonds, particularly those of long duration, from the United States, may be expected to continue strongly for some time. In this connection, it is interesting to note that the forthcoming Government loan in the United States is expected to run only from one to five years, which constitutes striking evidence of the fact that borrowers are endeavouring to sell as short-dated securities as they can, so as to limit the period during which they will require to pay war-time rates of interest.

Readers of this journal are familiar with the stand taken by it, throughout the war period, that it might be fairly anticipated that the dawn of peace would be followed in due course by a fresh influx of British capital and population into the Dominion. The Chronicle maintained this stand even in the dark days, when Jeremiahs by the score were proving to their own satisfaction that no more capital could be expected from Great Britain by Canada for at least twenty years, and perhaps for half a century. Under these circumstances, it is distinctly gratifying to this journal, to find that its opinion, in the frank expression of which for some time it stood alone among Canadian financial journals, now being supported in various quarters. As regards immigration, it is pointed out that the presumption that emigration from the British Isles will be substantially restricted, does not harmonize with the many indications that the whole trend of British life, political and social, is to even greater freedom than in the past, and to the earliest possible removal of Government restrictions on individual action, imposed by the necessities of a situation in which the country finds itself for the time being. As regards the export of British capital, it is aptly remarked that expansion of foreign trade, a sine qua non of British post-bellum development, is dependent upon the export of capital. Moreover, in Great Britain as in Canada, while the war has meant a heavy increase in national obligations, it has been accompanied by a large increase in personal wealth. "Capital" has not been "destroyed" except to a comparatively small extent. It has changed hands, and there is no reason to suppose that the new investors will be any the less enterprising in the development of the newer countries such as Canada, than the old.

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