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THE WAR LOAN.

The issue this week of the Canadian domestic war loan marks an epoch in the financial and economic history of the Dominion. To the historian of the future, this week's event, we may hope, will appear not merely as an isolated phenomenon, the result of patriotic fervour, but as the beginning of a new era of greater self-reliance upon home capital and a lessened dependence upon borrowings from abroad. Certainly in history, the present event will lose nothing in significance through the fact that it has not developed by force of circumstances, but is a voluntary action—the result of a spontaneous desire to mobilize our means, as we have already mobilised our men, in the cause of freedom and a decent civilization. There is room, perhaps, for legitimate difference of opinion as to the mode of issue of the loan, particularly as to whether it should have been underwritten and as to the manner of and expenditure upon publicity, but there can be but one view of the wise statesmanship of Hon. W. T. White, the Minister of Finance, in crystallising into action through the present loan, the general desire of Canadians to offer what resources they can in the common cause.

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The new loan is going well, but we hope that until the subscription lists are finally closed, there will be no let-up in the efforts of all concerned to have it very widely distributed, and that for three reasons. In the first place, the wide distribution of the loan will be not merely an important indication of individual willingness to "do one's bit," but will be a direct encouragement to thrift. The spreading of payments over a period of fully five months will enable a good many people to make certain contributions to the war loan out of current savings, and the following of this practice upon a national scale will result in an inculcation of the practice of thrift, the value of which it will be impossible to over-estimate. Secondly, a wide distribution of the war loan will result in the creation of a new class of investors, composed in part certainly of those who never invested in first-class bonds before, because they understood nothing about them, and who because of lack of investment knowledge have either contented themselves with 3 per cent.

bank interest on an amount of funds which might legitimately have been employed in a high-class investment giving a greater yield, or in the attempt to get a higher rate have been inveigled into second-rate or undesirable investments or speculations with results that have been sometimes disastrous. Consequently the wide absorption of the war loan by individual investors should result in an enlarged power of absorption of high-grade bonds in Canada, and by lessening to an extent our dependence upon capital from abroad serve to broaden the basis of our future prosperity. Nobody supposes, of course, that for years to come we shall attain to a position of independence in regard to borrowings from abroad, but it is certainly desirable that home capital should be cultivated to a greater extent than in the past.

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In the third place, it is highly desirable that the present loan should be widely distributed because it is not yet clear that this is the only effort of the kind we shall require to make before the war is through. It is generally understood that of the present loan the banks are prepared to take up one-half—\$25 millions. If the demands of individual investors for the loan were so large that this allotment to the banks had to be cut down, the banks would be in a stronger position to take care of future financing that may be necessary. Not only is it probable that a \$50 million loan will not be sufficient to provide for Canada's requirements before the war is over, but it is possible also that the Canadian banks may be called upon to play a part in additional British financing on this side of the Atlantic. It must not be forgotten that the British financing of the war has not yet felt its severest strain and that if we are to maintain our self-respect, it will not be possible after raising the present loan to sit back and take things easy. The strain of war finance cannot in the nature of things be so severely felt here as in Great Britain owing to the fact that we grow and supply to Great Britain necessities of life, which she does not produce herself and has to pay us for. But certainly, it will be wise to put a curb upon our spending proclivities, and to continue to prepare to be self-supporting on the financial side of our military efforts for the remainder of the war.