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## THE GENERAL FINANCIAL SITUATION

With the Victory Loan subscription period to commence on Monday, bankers and financiers throughout the Dominion have been largely engaged in completing the plans and perfecting the organization for making the issue a complete success. The experience of the United States with the fourth Liberty Loan shows that Canada's undertaking to provide \$500,000,000 for war purposes is no light one. It is generally understood that the drastic increase of war taxation was the principal cause of the sluggish progress of the American loan in its earlier stages—corporations and individuals subscribing heavily to the preceding loans are now in many cases crippled in their finances by the new taxes, and were unable to come forward as in the past with heavy subscriptions. Apparently the banks and great financial institutions at New York and other centres were obliged to take large amounts in the closing days to ensure success. Although our loan is not handicapped to the same extent by war taxation, it nevertheless will require the best efforts of all workers and the cordial support of all classes of the people to bring the subscriptions to the desired total. It is said that some investors in the United States were disposed to cut down their subscriptions on the theory that the recent Allied victories had brought Germany to the verge of surrendering, and that as the war was, therefore, nearly over, the need for their support was not so pressing. The American Treasury officials endeavored to dispel such illusions by telling the people that the need was pressing and that even if the war ended immediately the United States Government would be obliged to float at least one more great war loan, and possibly two, in order to finance its obligations. The same applies here in Canada—our Government will need every dollar that the people can spare; and, like the United States Government, Ottawa may be obliged to ask the people for yet another loan, after this one, even if the war should end this year.

As this is Canada's fifth domestic loan—the aggregate of the preceding issues being \$750,000,000—it doubtless is the case that thousands of investors already have about as much in war bonds as they feel that they can carry. They perhaps have subscribed to everyone of the preceding loans, with the result that nearly all of their available quick resources have been so absorbed. Some of these parties may still have bank loans running against their existing holdings and their position will be such as

to prevent their giving extensive support to the new loan. This makes it necessary to bring in many thousands of new subscribers to take the places of old subscribers who are loaded up or who are otherwise prevented from taking large amounts. The United States greatly enlarged the circle of subscribers in case of the loan just floated; and Canada must do the same. There should be, and there doubtless will be over a million subscriptions to Canada's second Victory Loan. Perhaps it will not be possible to double the number of subscriptions to the first loan, but if that could be accomplished it would represent approximately an average of one subscriber per family.

The business situation has been adversely affected in some of its departments by the epidemic of Spanish Influenza, which has swept over the eastern portions of the Dominion and the United States. There have been many cases among the working forces of factories and in the clerical staffs of city offices. As the schools are closed in many places and the people are avoiding as much as possible the street cars, railway trains, big stores, and other places where crowds usually are found, retail trade and other lines of business show some falling off. If the epidemic does not subside quickly it will increase the difficulties attending the Victory Loan flotation.

Wall Street has been showing conclusively last week and this, that it believes the great war to be near its end. The railways and other so-called peace stocks registered extensive advances, and the general opinion is that as the termination of the struggle comes more clearly in sight further demonstrations of the same kind will be seen. The strength and activity displayed in the American market is all the more remarkable when one considers the rigid control exercised by the bankers over the call loan business. A short time ago, when the speculative element became active in putting up stock prices, the bankers' pool announced that brokers would be required to furnish a statement of their daily borrowings and repayments, and that the banks would not increase the amount of their loans on stock exchange collateral. This served to suppress the speculative movement at that time, as it meant that brokers could not get from the banks new or enlarged loans representing the rising value of the stock collateral. On the present occasion the banks may have relaxed their rule, or the stock exchange houses may have procured

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# BUY VICTORY BONDS

ANY BANK WILL HELP YOU