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CANADA'S WAR BORROWINGS.

The announcement from Ottawa that another domestic war loan is to come out next month is a practical reminder of the heavy increase in Canada's financial obligations arising from the war. Ten months elapsed between the issue of the first and second domestic war loans; the third loan next month will be only six months subsequent to the second, and it is practically certain that a fourth loan will need to be floated before 1917 runs out. The responsibility lies upon us, not merely of providing the necessary funds for the maintenance and equipment of the Canadian armies, but also for the loan of large amounts to the British Government, in order to facilitate the further purchase here of munitions and supplies. Happily, our ability to shoulder increased financial responsibilities in this connection rises coincidently with the growth of those responsibilities. The marked growth in the notice deposits of the banks during 1916 amounting to over $124,000,000, to a new high level of $845,006,717, and that in spite of the demands during the year in connection with war financing; the increase in the resources of the life insurance companies; the growth in deposits of financial institutions other than the chartered banks; and the extent of the purchases of the 5 per cent. Dominion Government three-year debenture stock and war savings certificates, all indicate a rapid growth in the liquid wealth of the Dominion. The present-day task is comprised in the restriction of unnecessary or postponable outlay of this liquid wealth in order that every available dollar may be utilised for the one purpose of helping win the war.

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Sir Thomas White stated the other day in the House of Commons, that he anticipated being compelled to borrow during the coming financial year from $200,000,000 to $250,000,000 in order to meet Canada's war expenditures. This amount does not include any credits on account of the Imperial Munitions Board, which is expending in Canada, it is generally understood, approximately a million dollars a day. The figures given refer to our own expenditures exclusively. Presumably, it will be possible to raise part of this amount in the New York market. At the moment, the effect upon our borrowings in New York of a declaration of war by the United States is obscure. But it may be assumed that with the United States definitely arrayed against the Central Powers, arrangements would be made to facilitate Canadian borrowings in the New York market, and also further borrowings by the Allies. The financing on reasonable terms of the present Allied belligerents would be one of the most valuable services that the United States could immediately render. However, what is likely to happen on that account is at present by no means clear, and in any case Sir Thomas White, with his lively appreciation of the economic benefits of the nation holding its own debt, will undoubtedly borrow as much as possible in Canada. From time to time the course of exchange may make it especially advisable to borrow in New York, and it has already been suggested that with the existing high premium on New York funds in Canada, provision will be made to have next month's loan payable in New York with a view to attracting American subscriptions. However, this point would hardly be settled by the Minister of Finance and his advisers until close upon the time decided upon for the issue.

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The fact that the recent war vote at Ottawa was $500,000,000 instead of $250,000,000, as voted on the last occasion, has given the impression in some quarters, that the procedure of loaning to the British Government through the Dominion Government and the banks will be continued, and that there is not likely to be any British loan issued directly in Canada in connection with the munitions credits. On this assumption the purpose of the extra large vote would be to take care of these loans to the British Government, much as the loans to the Continental Allies are voted in the British House of Commons in a lump sum with the provision for Great Britain's own war expenditures. These loans to Great Britain will at the conclusion of the war afford a most valuable offset to obligations due Great Britain on account of expenditures in maintaining Canadian troops in France, and other obligations. Canada's payment to the Imperial Government on account of the maintenance of troops in France is fixed at approximately $1.50 per day per man, the account, which will not be settled up until the close of the war, at present amounting to about $50,000,000 or $60,000,000. This unsettled account plus the net debt of the Dominion at January 31st of $745,000,000, makes the Dominion's debt at the present time, approximately $800,000,000, compared with $335,000,000 at the outbreak of war. The increase during the last twelve months alone has been over $225,000,000. The figures show that the financial obligation which Canada is shouldering as a result of the war is no light one. Moreover, there is as yet no end in sight to the further rapid expansion of this debt.