Monetary Times

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of Canada

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WAR STOCK GAMBLING

When the new Toronto exchange was opened a few years ago, a bull and a bear mingled with the guests who were celebrating the function. The bull got most of the champagne and insisted on dancing with Sir Henry Pellatt. The bear got all the kicks. The Canadian exchanges had had a bad year. Stockbrokers that day were unanimous in predicting better times, without undue emphasis as to when. Business did not improve but the war came and knocked stock exchanges out of reckoning. Now, built upon the wails of stockbrokers and upon one result of the war—war orders—the Canadian and New York exchanges have been doing business in a volume that must make blush the pessimistic market prophets of yesteryear. When October closed on Saturday last, of 63 stocks dealt in on the Montreal exchange, 33 sold at their highest prices of the year. In several cases, the figures represented the highest price ever attained. The month's total transactions were 314,521 shares, equal almost to the trading of August and September combined. One stock made an advance during the month of 90¾ points. Similar activity was evident on the Toronto exchange, but all this was trifling to what was happening in Wall Street.

One is bound to ask what is at the back of this unusual stock exchange activity in war time. Stocks are bought for investment; are manipulated by professionals for profits; are purchased for speculative purposes by buyers of small and large lots, by the amateurs and the initiated. According to a lady of Boxgrove, Ontario, stocks are sometimes bought by the hypnotic influence of those who sell them, for in appealing at Osgoode Hall, Toronto, from a decision of the official referee which made her liable to the extent of $1,900 in the Farmers' Bank liquidation, the lady in question made the suggestion through her counsel that she had been hypnotized into buying the shares. Eighty years of age, the lady claims that the agent called one night when she was in bed to talk about fire insurance and finally, after the conversation had drifted round to bank shares the agent "looked at me and said, 'You will take ten shares,' and I said, 'I will,' though I hadn't a notion of taking such a thing and I could not help it some way or another." She signed a cheque for $100 in part payment, but later asked for a return of the money as she never wanted the shares. The hypnotic suggestion in the present market for stocks does not hold good. Stocks are being bought because the buyers want them. They did not, generally speaking, purchase the war stocks, which are the backbone of the present trading, in the first days of the war because war orders had not been foreseen. Comparatively few purchased in the earlier days and probably have sold out long ago at a profit. Many have bought within the past few months and are holding. Many are buying at the high prices to-day and will hold. That now is the wrong time to buy war stocks, even admitting that there was ever any basis for the speculation, makes little difference when the speculative blood is warm. Then it is forgotten that it is better to stay out and watch the prices go up than get in and feel them go down.

The present speculation is based largely on orders known or believed—frequently believed only—to have been placed by belligerent governments with industrial companies in America. Undoubtedly the volume of business being handled by some of these companies is very large. On the other hand, many of them have large arrears of dividends to pay. Some have to put their financial house in order. What others will do for a livelihood after war orders have ceased, is a further question. Finally, the speculator who is buying stocks in a highly dangerous market—the action of bankers and brokers proves that it is dangerous—must consider what he or she will do when the market collapses suddenly. If peace should come unexpectedly, for instance, war stocks would come a cropper to the material loss of thousands of speculators. Hours are enough to cause enormous appreciation in stocks. Minutes are sufficient to bring down their values alarmingly.

OUR WAR LOAN

In a few weeks, Canadians of all classes will be asked to subscribe to a Canadian war loan. The subscription of a hundred dollars will be as welcome and of as great a service comparatively as the half million dollar subscription of the millionaire or the public corporation. The proceeds of the loan which the Dominion government will issue soon are to be used to help finance Canada's share of the war. In other words, the Canadian public will be asked to lend the Dominion government money, at an attractive interest rate, in order to equip and maintain Canada's army. That army is fighting for us. It is fighting to crush Kaiserism, to save the life of the British Empire, to uphold all the great ideals, traditions and practices which the life of our Empire embodies. Who can fail, therefore, to buy a Canadian war bond?

Great Britain has been loaning us $10,000,000 monthly for war purposes for more than a year. Now Canada feels competent to relieve, to a small extent, the financial burden of the Motherland. These are the principal reasons which will induce Canadians to unite in over-subscribing their war loan in a manner which will tell the world once again that the Dominion is in this war with the rest of the Empire and the Allies to fight to the last drop of blood and to the last cent if necessary. Those who cannot shoulder a rifle for the cause will now have an opportunity of buying a war bond.