THE DOMESTIC LOAN

It is announced that a Canadian domestic loan will be floated this month by the Dominion government. This means that instead of going abroad to borrow all the money required for military purposes and to meet the deficit in current revenues, some of it will be borrowed from our own people. The Australian domestic loan has met with success, £13,000,000 being subscribed altho only £5,000,000 was asked for. This loan was issued at par and bears interest at 4½ per cent. The Anglo-French loan in the United States bears interest at 5 per cent. and is being sold to the public by the syndicate of underwriters at 98 cents on the dollar, which makes the investment yield nearly 5½ per cent., taking into consideration the fact that it will be redeemable at par five years hence.

An Attractive Investment

The Canadian loan presumably will carry an equally high rate of interest, which will make it a pretty attractive investment for those who are satisfied with a moderate rate of interest on the very best security.

Making the loan in Canada instead of in Great Britain will help to keep up the rate of exchange, which was the chief purpose of the Anglo-French loan of $500,000,000 in the United States. The effect of the $25,000,000 or so that it is proposed to raise in Canada will hardly be noticeable, however, for the $500,000,000 borrowed in the States only brought the rate to around $4.70 compared with $4.86 2-3, which is the actual value determined by the weight of English and United States gold coins. Another effect of a domestic loan will be that instead of paying interest on the loan abroad it will be paid to Canadians. The interest of course will have to be taken out of the people by taxation, and those who are fortunate enough to be able to subscribe to the loan will be able to meet their taxes out of the interest.

In the financing of the $500,000,000 loan in the United States the syndicate of underwriters made a profit by contracting for the whole amount with the British and French governments and reselling the bonds in small and large amounts thruout the country. Possibly the Canadian government will deal directly with the individual investors and so save the brokers' charges.

Wage Earners Should Participate

The British government is raising large sums of money by a war loan which has been specially arranged for the small investor. The money can be paid in at the post office and vouchers for very small sums can be purchased. The Canadian loan should also be arranged so that the small man can contribute. One way to do this would be to receive subscriptions at every post office and allow those wishing to contribute to deposit any amount from a dollar up and keep adding to the amount as they desire. Some regulation might be made by which withdrawals might be made after notice, but this provision would need to be limited, otherwise instead of using the money for the war or other purposes, the government would have to keep a considerable amount available to provide for possible withdrawals. If 5 per cent. interest were offered by the government on money loaned by the public in this way, a very large sum of money could be secured.

There is at present over $600,000,000 on deposit in the Canadian chartered banks at 3 per cent., and while much of this is in accounts which are frequently drawn upon and added to, a considerable portion is a more or less permanent investment and would be withdrawn from the bank to invest in a war loan if 5 per cent. was paid by the government. The banks probably would not look with favor upon this idea, but when the government gets the money it will at once be deposited so the banks will get it after all.

PROFIT AND LOSS

Walkerville, Ont., Oct. 27.—Distribution of a 600 per cent. stock dividend to shareholders of the Ford Motor Company of Canada, equivalent at the present price of the stock, to $18,000,000, was recommended by the company's stockholders at their annual meeting today.

The Russel Motor Company in the last two years has lost $703,364. The annual report for the year ending July 31 shows that the loss in the first year was $356,223 and in the second, $140,388, to which there had to be added depreciation and amounts written off for various reasons.