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OUR BOND ISSUES.

Probably the main point of interest attaching at this time to Mr. E. R. Wood's annual compilation of Canadian bond issues lies in the concrete evidence afforded of concentration upon war aims, of Canadian financial resources. While this point is brought out clearly in the immense total of the year's Government borrowings, it is even more definitely emphasised in the figures of borrowings other than Government. In 1916, municipalities, railways, public service and miscellaneous corporations made bond issues to an amount of $108,295,429 exclusive of refunding operations; in 1917, their bond issues totalled only $49,275,000—in other words, they were cut in half in comparison with 1916. To some extent, no doubt, this restriction of security issues other than war loans, has been involuntary, owing to the closing of the United States markets to our borrowers, and consequent dependence upon our narrow home market, with rapidly-rising interest rates. However, whether by voluntary means or involuntary, and, in fact, the two have been combined, the end of concentration of available financial resources, and consequently, of labour and energy, upon war aims, has been achieved successfully.

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As a result of the Victory Loan, the totals of our bond issues during 1917 were immensely larger than in any year preceding. The 1917 aggregate of $725,325,000 (the round figures of $400,000,000 being credited to the Victory Loan in this total), compares with an aggregate of $316,917,362 in 1916, and with $373,795,295 in 1913—the highest total reported for any preceding recent year. It is interesting to observe the differences in character of the bond issues of the three years cited. These differences are shown in the following table :—

	1913	1916	1917
Government.....	$ 53,066,550	$208,621,933	$676,050,000
Municipal.......	115,761,925	49,893,763	27,750,000
Railway.........	108,528,044	15,920,000	2,500,000
Public Service...	48,961,145	22,950,000	9,200,000
Miscellaneous....	47,477,631	19,531,666	9,825,000
	$373,795,295	$316,917,362	$725,325,000

Public service issues include those of Canadian companies operating in other countries. Apart from the immense enlargement of Government borrowings, the most striking metamorphosis shown in this table is in regard to municipal and railway borrowings. In 1913, both municipalities and railways were at the full tide of their capital expenditures, and together made bond issues during the year amounting to over $224,000,000. Last year, their bond issues were only $30,000,000, of which the railways' share was the nominal amount of $2,500,000. Public service and miscellaneous bond issues, which in 1913 totalled over $96,000,000, dropped in 1917 to $19,000,000, and were, in fact, confined to power companies and industrial companies, whose operations have had to be extended on account of the production of war supplies.

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As regards the destination of our bond issues, the three years cited also show very striking changes. In 1913, 74.24 per cent. of our bond issues were absorbed by the United Kingdom, 13.56 per cent. in the United States, and 12.20 per cent. in Canada. In 1916, with the enforced transfer of our attentions from London to New York, 64.89 per cent. of our issues were absorbed in the United States, 33.56 per cent. in Canada, and only 1.55 per cent. in the United Kingdom. In 1917, self-reliance, compulsory as well as voluntary, resulted in our bond issues being divided as to 77.82 per cent. in Canada and 21.18 per cent. in the United States. Present indications suggest an even more pronounced self-reliance and a minimum output of securities other than Government securities, throughout 1918. So far as new borrowings in the United States, while the war continues, are concerned, it appears likely that, at best, they will be confined to refunding operations, with, possibly, certain Government credits, or borrowings, arising as a result of the pooling of the Allies' financial resources.

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After the war, what then? To some extent, we shall be in a better position than formerly to finance our own requirements. Liquid wealth will be considerably enlarged, and a good many careful folk, who, up to a month or two ago, had never aspired to become bondholders, will desire to go on adding to their little hoards of Canadian Government and other bonds. But while the higher prices of foodstuffs will lessen the burden of our obligations abroad, it is not yet clear that our immediately *post bellum* export trade, shorn of munitions, will be sufficient to pay for our imports and to meet our obligations abroad, in the interval while our manufacturing industries are adjusting themselves to the new conditions. This interval will possibly be bridged through the maturity of the credits now being granted to the British Government by the Canadian Government and the banks. The general opinion among the leading British and American financiers, at present, appears to be that the immense problems in connection with the settlement of international obligations after the

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