MOBILIZATION OF CANADIAN SECURITIES

Similar Plan to That of Imperial Government is Thought Unnecessary Here

That the Dominion government should follow the example of the Imperial government enforcing holders of municipal and other securities to surrender their holdings and invest in Canadian war bonds, was the suggestion of a reader of *The Monetary Times* recently. He said:—"Throughout Canada there are many holders of municipal and other securities which could be turned into cash at a slight loss and the proceeds invested in Canadian war bonds. No doubt holders are reluctant to face even a trifling loss. If the government could market these securities, even at the cost of bearing some portion, if not all, of the shrinkage, paying for these securities in war bonds, there would be a distinct gain to the nation. The money could be got, say, in New York, without materially affecting the credit or status of the Dominion as a borrower there. It will be a distinct gain in every way to have the bonds of the Dominion widely held by our own people. In fact, the greater distribution of these securities, the easier it will be to market further issues of the same security."

No Necessity for Action.

Financial authorities generally do not appear to favor this suggestion, the common view being that there exists no reason why it should be adopted. The action of the Imperial government, it is pointed out, was taken because of the necessity of the exchange situation as between the United Kingdom and the United States. So long as we are able to finance our requirements either here or in the United States, there appears no good reason why we should take action to compel holders of municipal and other securities to exchange them for Dominion bonds. Also, the sale of the securities in question in New York would have a certain effect upon their market price. This is a matter which is deserving of consideration in contemplating the plan proposed.

Position Not Similar.

Mr. W. C. Brent, of Brent, Noxon and Company, investment bankers, Toronto, in an interview with *The Monetary Times*, said:—"While at first blush the project may seem a desirable and feasible one, we think upon mature reflection it will be seen clearly that it is hardly possible of accomplishment. Great Britain mobilized securities either to use same as collateral for foreign loans or for sale in a foreign country, thus helping to pay for imports. This course was made necessary by the attitude of the United States bankers in demanding collateral—not the collateral of municipal debentures issued by British towns and securities, but, by foreign securities owned by Great Britain. The Dominion has very few of such securities available for mobilization. The United States has not yet refused to loan to Canada against her unsecured bonds and in all probability would buy the issues of the Dominion in preference to those of our municipalities. Canada can secure a large or small loan in the United States at a lower cost than by selling mobilized securities.

"If and when necessity arises for a Dominion loan, backed by such collateral, some such scheme might be evolved, but at present we cannot see any necessity for same, and doubt very much its ready practicability."

Mr. H. R. Wood, of Nesbitt, Thomson and Company, investment bankers, Montreal, points out that few bonds are held in Canada in comparison with England's holdings, which would probably make the plan very expensive of carrying out for any benefit obtained. He does not see any evidence that such a plan is necessary. "We can raise all the money we want or are likely to want for some time to come. It seems unnecessary of consideration at the present."

War Declaration Helps.

Another eastern firm of investment bankers say:—"We feel that the fact that the United States have declared war against Germany and are now on the side of the Allies, will mean that the Allies would be in a better position to secure what funds they will require to carry on the war than they were before the United States declared war, and, owing to this fact, we do not believe it would pay to mobilize Canadian holdings of United States securities similar to that done by the British treasury in regard to English holdings of American securities.

"We believe that a very large amount of American securities held by Canadians have been sold in the United States during the past three years, the funds reinvested in Canadian war loan and other securities, and this is still being done."

Mr. C. H. Burgess, of C. H. Burgess and Company, bond brokers, Toronto, says:—"We fail to see what could be accomplished by this at the present time. The Dominion government can sell its own bonds in the States at a good deal lower rate than that at which they can buy Canadian municipal bonds. So far the minister of finance has not experienced any difficulty in getting money and to date there has never been any difficulty in borrowing in New York or in the United States. The investors in the United States would certainly not take municipal bonds at as good a price as they would take a Dominion bond.

"The reason that the British government adopted this principle was because they could not borrow any more money in New York on their unsecured bonds. If they could have done so there would be no mobilization of securities as it would be much easier and more profitable to sell their own bonds than to have to put up $120 security for every $100 borrowed. At the present time the unsecured Canadian government bonds are taken in New York gladly.

"There is no doubt about the desirability of having all the Canadian government bonds possible held by Canadian people. At the same time we could only get these Canadian government bonds put in the same place that municipal bonds are taken from and, therefore, the distribution would not be any wider than it is at present."

CANADIAN CUSTOMS RECEIPTS

The customs revenue for Canada, during the year which closed on March 31st last, amounted to $145,949,107. It exceeded the total for the year ending March 31st, 1916, by $43,339,486, and constituted a record for the Dominion.

The customs receipts for the month of March were $15,209,118, as compared with $10,663,234, in March, 1916, an increase of $4,545,884. The collections for the month were the largest for any month in the history of the country.

NEW INDUSTRY FOR CANADA

The first manufacturers of lead pencils in Canada are the Wm. Cane and Sons Company, Limited, of Newmarket, Ont. This is a new industry, started largely as a result of the war, and Canadian-made pencils in future will do their best to keep the German article out of this market. The company established its factory last year and is manufacturing commercial, studio, school and advertising pencils. Practical efforts of this kind to combat enemy trade are commendable. The Wm. Cane Company, manufacturers of woodenware, was established in 1844, and is, therefore, one of our oldest industries.

GERMANS SEIZE CANADA CEMENT BONDS

Four thousand dollars worth of the first mortgage 6 per cent. bonds of the Canada Cement Company have been seized by the enemy. The banks, trust companies and stock exchanges have been advised by the company to refuse payment of these bonds and any coupons detached from them. The numbers are A1730, A1865, A1866 and A1870 of $1,000 each.

Mr. Frank P. Jones, general manager of the company, tells *The Monetary Times* that he received a notification from the holder of the bonds, who resides in France, to the effect that the German army in Belgium had seized the bonds.

The Automatic Sprinkler Company of America, with Dominion charter, has changed its name to Automatic Sprinkler Company of Canada, Limited.

Among the securities serving as collateral for the $100,000,000 5½ per cent. secured convertible gold 2-year notes of the French government, issued in the United States last month, are Canadian Pacific Railway 6 per cent. note certificates; Quebec province 3s, 1894; 4s, 1888; and 4½s, 1880.