

HOW WILL CANADA MARKET LOAN?

Analysis of the Situation Points to the Possibility that the Imperial Government May Do the Work Through the Bank of England

HOW will Canada raise its war loan? This question is arousing widespread interest. The Dominion has voted a war appropriation of \$50,000,000.

The details of the expected expenditure of \$30,000,000 between now and the end of the fiscal year ended March 31st, 1915, for military purposes, as given by Premier Borden, include the following:

Pay of 25,000 officers and men for seven months, \$6,100,000; rations at 40 cents per man, \$2,100,000; purchase of 5,000 horses at \$200 per horse, \$1,000,000; transport to Quebec, \$450,000; ocean transport, \$1,000,000; transport abroad, \$300,000; return transport to Canada, \$1,450,000; engineers' services at Halifax, Quebec and elsewhere, \$500,000; equipment, \$2,400,000; clothing, \$300,000; ammunition from Dominion arsenal, \$660,000; censorship, \$150,000; pay and maintenance of troops on guard in Canada, \$2,000,000; for additional troops and unforeseen expenditure, \$7,615,000.

The special war taxes, which will not fall heavily upon the people, will bring an extra revenue estimated at \$7,200,000. The new legislation regarding Dominion notes will give the government \$15,000,000. Other sums will be raised by way of loans. These cannot be obtained in the United States because of President Wilson's attitude regarding loans to belligerent nations. There are left only two other sources, Canada and Great Britain. Regarding the suggestion that a fairly substantial amount to a government loan might be subscribed in Canada, there are important adverse considerations. If any sum of consequence were subscribed by Canadians, it would be at a high rate of interest, much higher than Canada is accustomed to pay. This would be a mistake from the standpoint of Canada's credit, and we can hardly think that the amount raised would be in proportion to the damage done to Canadian credit. A loan in London by Canada, as usual, is quite out of the question, if for no other reason, from the fact that the stock exchange is

closed, and there is no machinery for underwriting such an emission.

Still, there remains the possibility of Canada arranging a loan from the Imperial government, and in view of all that Canada has done since the commencement of the war, *The Monetary Times* anticipates there would be little difficulty. For such purposes as fresh loans, there is practically only one source from which money would be forthcoming in Great Britain at present, and practically any country, and that is the Imperial government through the medium of the Bank of England. The German government, no doubt, will raise money by way of loan, but only for their own purposes. Indeed, they are said to be issuing a 5 per cent. loan at 97, and no doubt the moneyed classes in Germany have been very definitely told that they are expected to subscribe liberally. England's rôle in time of war has always been to finance itself, if engaged, and also its allies; or, if not engaged, to finance friendly nations. It has already loaned Belgium £10,000,000. No doubt, should the war prove to be prolonged, the ability to raise money will be the deciding factor.

If, as we hope and believe, success will attend the arms of the allies, then, after the Imperial government has funded its floating indebtedness, the British colonies may be able to issue a loan. Once the stock exchange situation has been more or less satisfactorily arranged to meet present conditions, we may see some improvement. Months, anyway, must elapse before credit, as one London authority says, "can think of getting on to its hands and knees, much less begin to creep."

However, by the process of elimination there appear to be bright prospects, in the comparatively near future, of a Canadian loan being financed by the Imperial government. This would be further practical evidence, in times of war, of what Lloyd George has aptly termed "the silver bullet."

ONTARIO'S FINANCIAL LEGISLATION

Mortgagees Must Secure Order From Judge Before Taking Foreclosure Actions

The following statement regarding the proposed limited moratorium in Ontario affecting property transactions has been issued by Hon. R. A. Pyne, acting prime minister:—

"The Ontario government is of opinion that conditions in the province do not call for any legislation in the way of a general moratorium. It has, however, been brought to the attention of the government that mortgagees and vendors of property in some cases are taking advantage of their legal position to foreclose their mortgages and securities where, owing to circumstances brought about by the present war, the mortgagors and purchasers are unable to make their payments, and where it would be unjust and unfair under the circumstances that they should lose their properties, upon which in many cases they have paid large amounts.

Judge can Give Relief.

"It is therefore, the intention of the government at the next session of the legislature to introduce an act requiring mortgagees, holders of agreements of sale, options and other like securities to secure an order from a Judge before taking proceedings, either through the court or otherwise, to fore-

close or forfeit such mortgages or securities for default in payment of principal, and giving judges power, upon a proper case being made out, to relieve from forfeiture and to extend the time for payment of principal moneys.

"It is not intended by such proposed legislation to in any way interfere with rent, interest or other payments of this character, or in any case where a judge does not feel that justice and right demand that some relief be given.

"It is the intention of the government to make such legislation retroactive, and the judges and the legal profession are particularly requested to make note of the proposed legislation and of this fact."

No Further than Principal.

Despite the explicit terms of the Ontario government's announcement with reference to impending legislation to prevent foreclosure for non-payment of principal moneys due, an impression has become current that the proposed action will endanger the incomes of those whose resources are invested in mortgages. Members of the government emphasize the fact that the legislation that will be brought before the House next session will not strike at incomes. So far there has been no thought of extending the moratorium, such as it is, further than principal payments.

Fight or pay; but do business.