

# Monetary Times

Trade Review and Insurance Chronicle  
of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.  
Telephone: Main 7404, Branch Exchange connecting all departments.  
Cable Address: "Montimes, Toronto."

Winnipeg Office: 1208 McArthur Building. Telephone Main 2663.  
G. W. Goodall, Western Manager.

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## UNITED STATES MONEY MARKET

According to press dispatches from the United States, plans are in hand to enable that country to retain its strong position in international finance throughout the war. Among the steps taken for that purpose are (1) the virtual closing of American money markets to further foreign government bond issues throughout the war; (2) the stabilizing of business conditions, so far as possible, by the contemplated international purchasing board; (3) centralization of the country's system by the addition to the Federal Reserve System of thousands of strong trust companies and State banks at present non-members.

Virtually all financial plans of the United States government, including the flotation of the Liberty Loan and the programme of financing the Entente governments as well as the efforts to continue the country's present prosperity, are said to have been made with these features in mind.

The closing of the United States money markets to further issues of foreign government bonds is regarded as imperative if the government is to remain master of the financial situation. To this end it is understood that the United States government will notify bankers contemplating the underwriting of foreign bonds of its disapproval. The investment market, so far as the government can control it, is not to be disturbed by outside bond issues, for the big proportion of America's savings, it is felt, will be needed to finance the part America will play in the war. Co-operating with the United States in this respect, Great Britain changed its plans upon America's entrance into the war to issue \$200,000,000 in bonds in New York, secured by Canadian Pacific securities. Arrangements for raising this money had progressed to a point where practically all details had been decided upon when the United States entered the war. The plans were then cancelled and Great Britain borrowed what funds she

needed from the United States treasury instead. How this new situation will affect Canadian financing, remains to be seen. One thing is certain, war finance has the right-of-way in the money markets of America, and war finance needs a lot of room just now.

## LIBERTY LOAN

The raising of a war loan of \$2,000,000,000, with an oversubscription of \$500,000,000, on a 3½ per cent. basis, is an achievement of which the United States may well feel proud. Investors in this loan sacrificed, for the sake of patriotism, an interest return of at least \$30,000,000, judging by current money rates. The patriotism that touches the pocket as well as the senses, is full measure. Indeed, some London financiers are inclined to think that to float such a loan, and which may ultimately expand to \$7,000,000,000 on as low a basis as 3½ per cent. "is to try too highly the patriotism of investors." This is especially considered to be so, having regard to the fact that, simultaneously with the issue of this low-interest-bearing security, the United States are also attempting taxation on an extensive scale.

The New York Post points out the subscription of \$2,500,000,000 places this financial operation of the United States government alone among the national borrowings for this war. Larger amounts than \$2,500,000,000 have been raised in Europe on a single loan when the amount to be allotted was limited only by the total subscription. But no European war loan of a fixed amount has yet been oversubscribed, and this fact is emphasized by the further consideration that the price of the present loan—a 3½ per cent. issue at par—is by far the most favorable which any belligerent has yet obtained since the Great War began.

## BUYING LIFE INSURANCE

Sir Mortimer Davis, of Montreal, has applied for \$1,500,000 of life insurance. The application was taken by the agent of a New York company. Sir Mortimer stipulated that a substantial amount should be placed with Canadian companies. This condition is eminently fair. No good reason exists for large policies being placed by Canadian citizens, entirely with foreign insurance companies. The first consideration should be the patronage of our own life insurance companies, who have, as a group, a splendid record for sound business methods and prompt payments. By making the stipulation noted, Sir Mortimer paid a well-deserved tribute to Canada's life insurance companies and acted as a good Canadian, interested in his country's development.

The writing of this substantial policy carries with it a serious consideration for many other Canadian business men, large and small. Life insurance gives the best possible financial protection when the inevitable—death—arrives. Insurance on an important business man's life, in favor of his firm, protects their interests at the time of and after his decease. The value of this feature of underwriting is only beginning to be recognized here, but the volume of business insurance will develop rapidly as its importance is realized to a greater degree. Life insurance provides an estate with funds to attend to succession duties, to pay various expenses without involving the sacrifice of securities. It protects the wife, the family, the home. The fact that a shrewd, successful business