

THE FINAL VICTORY LOAN

Preparations for the launching of the final Victory Loan have been begun. From this time forward until the end of the campaign public interest in the financial condition of the Dominion will increase steadily. There is need for a discussion not only of the fundamentals of national finance, but for the diffusion of information all over the country as to the purposes for which this specific loan is required. The war is over. The appeal to the win-the-war spirit—so effective in the floating of former loans—cannot be made upon this occasion. Instead, there must be an appeal to the common sense of the people and to their desire to do all that is possible to bring about the restoration of normal conditions in the Dominion.

The first thing that must be impressed upon the public mind is the fact that a large part of the money called for is required to wipe out the indebtedness of the Government to Canadian banks that have advanced great sums—almost a quarter of a billion dollars—to enable the Government to grant credits for the purchase of goods for export to Allied countries that are unable to pay cash for all the Canadian provisions and other products they require. The loan is needed also to meet the heavy expenditures attending the demobilization of the Canadian overseas army. Gratuities and back pay ran into enormous sums. The credits to Great Britain to enable her to continue buying Canadian products have been very large. Greece, Roumania, and Belgium have been supplied with foodstuffs, clothing, and implements through a loan of seventy-five million dollars made by the Canadian Government to the Governments of these countries. Sir Henry Drayton says that further credits will have to be made to finance the export of our natural products. The loans will be repaid in time, and such portions of them as are not promptly liquidated by the importation of British and continental European goods into Canada will remain to the credit of the Canadian people as an investment of capital on which interest will be drawn.

Had the country tried to finance its war expenditure by foreign instead of internal loans—supposing that to have been possible—the condition of Canada would have been vastly more serious today. Our debt to external creditors would have been over four and a half billion dollars, and to pay the interest at the current rate would have involved the export of about two hundred and thirty million dollars' worth of Canadian products yearly without any corresponding imports. The effect upon the manufacturers and merchants of Canada of such a drain would have been almost ruinous, for the people of the Dominion would have their buying capacity very seriously reduced by the export of their products to pay interest on

the external debt. It is therefore of great importance that the Canadian people as a whole should owe some of the Canadian people the bulk of the money spent in prosecuting the war. The interest is spent in the country, and benefits in the spending all classes of the community—the debtor as well as the creditor.

If the argument here presented is a sound one, then it follows that to the very limit of our capacity we should continue to buy Victory Bonds. The new issue will have to yield at least four hundred million dollars to enable the National Treasury to discharge its obligations during the current financial year. Victory Bonds are an excellent investment, but they are more than that. They are a sign that Canadians have faith in their country, in its vast resources, in the stability of its Government, in the will and the power of the people to build up and maintain a civilization which will stand the greatest stress that can be brought to bear upon the foundations whereon the Dominion has been reared.

ROYAL BANK OF CANADA

Announcement was recently made that the Royal Bank has opened a branch at Rio De Janeiro, Brazil. A general banking business will be conducted, special attention being given to collections, which will be handled upon the most favorable terms. The management will be in the hands of Mr. G. V. Long, formerly manager of the San José, Costa Rica, Branch.

In addition to its 540 branches located in every important city and town in Canada and Newfoundland, attention is drawn to a list of 67 branches in the West Indies, Central and South America.

Relative to the establishment of a branch in Rio de Janeiro, Brazil, it is announced that arrangements to open branches at Sao Paulo and Santos, Brazil, Buenos Aires, Argentine, and Montevideo, Uruguay, are nearing completion, and the bank expects to open for business at these points within a few weeks.

Mr. C. C. Pineo, who was formerly manager of its branch in Havana, Cuba, and who for the past four years occupied an important banking position in Brazil, has been appointed Supervisor of Branches in Brazil, Argentine and Uruguay, with headquarters at 68 William Street, New York. Mr. Pineo is at present in Rio de Janeiro, and will remain in South America for some months, but any enquiries regarding South American business addressed to the Agent, The Royal Bank of Canada, 68 William Street, New York, will receive prompt attention.