

# The Chronicle

**Banking Insurance and Finance**

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,  
Proprietor.

ARTHUR H. ROWLAND,  
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,  
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, JULY 16, 1915.

## WAR FINANCE.

The total subscription to the new British  $4\frac{1}{2}$  per cent. war loan was authoritatively stated by Mr. McKenna, the Chancellor of the Exchequer, on Monday, as amounting to close on £600,000,000 (\$3,000,000,000). This is "new money" and does not include the applications for conversion of Consols and the old War Loan. The success of this gigantic operation—by far the largest of its kind in history—"is one more indication, if indeed indication were needed, of the temper of the British people at this time. In Mr. McKenna's words, it is a declaration to our enemies and to our Allies that this Government will prove faithful to its trust and to the cause of the Allies." Apparently, the methods adopted for enlisting the capital of all classes of the community in the common cause have proved successful. Over eleven hundred thousand persons—something like one in forty of the population of Great Britain and Ireland—subscribed to the loan, the proportion apparently being about equal of those who subscribed larger amounts (£100 and upwards) through the Bank of England, between them putting up £570,000,000, and those subscribing through the Post Office, who raised £15,000,000. Small subscriptions through the Post Office can still be made, and no figures are yet available as to the number of vouchers sold, by which amounts of as small as five shillings (\$1.25) can be put up in the common cause. Some of the individual subscriptions announced are enormous. Lloyds Bank and the London City & Midland Bank each subscribed £21,000,000 and the London County & Westminster Bank £20,000,000. It is clear, in fact, that British capitalists of every grade from the biggest banker to the humblest individual with a little store in the Post Office Savings Bank have done their duty.

### MAGNITUDE OF FINANCIAL OPERATIONS.

The magnitude of the financial operations entailed by the present war can be appreciated by recalling the fact that the Crimean war added only 33 million pounds to the National Debt and the South African war, which lasted three

years, 165 millions. But eight months of the present war added 458 million pounds to the national debt. At March 31, 1914, the British National Debt was 707 million pounds. A year later, after eight months' war, it had been raised to nearly eleven hundred and sixty-six million pounds. The costs of the war at present are stated as three million pounds a day. The revenue brings in three-quarters of a million pounds a day, or two and one-quarter millions less than the expenditure, and it is calculated that, unless heroic taxation is resorted to, the debt will shortly exceed two thousand millions sterling, while the charges on it, exclusive of Sinking Fund, will be nearly ninety million pounds per annum as against a charge of nineteen millions in 1914.

### CONCENTRATION ON WAR FINANCE.

In any case, it seems likely that what a year ago would have appeared revolutionary taxation will have to be resorted to sooner or later. Nobody questions the financial ability of Great Britain to see the war through, cost what it may, but this ability can only be maintained by a ruthless restriction of capital expenditures in other directions. Even Great Britain cannot stand the strain of providing for the present war, and for the calls upon British Funds which are regularly made under normal circumstances, at one and the same time. The extent to which the war has interfered with ordinary loaning operations in London is shown by the London Economist's tables of new capital issues during the past half-year. These new issues totalled £72,006,700, against £152,349,300 in the first half-year of 1914, Canada's share of the 1915 total being £5,475,000 against £38,770,600 in the corresponding period of last year. As it is, Canada fared considerably better than some other importunate borrowers like Brazil, Chili and other Central and South American republics, which usually obtain large sums from the London market every year but in the last half-year have not got a cent. An immense decline is also seen in the amount of new capital invested in manufacturing and industrial concerns, while the Treasury embargo has simply extinguished speculative enterprises. Beyond this cutting-off of capital from the ordinary channels which is now in Canada a familiar enough phenomenon, considerable realization has taken place of American securities by British holders. Securities that have for years been in the strong boxes of British estates and in those of individuals and financial institutions have been sold to finance subscriptions to the new war issue. It is no wonder that financial authorities in Great Britain are preaching the gospel of economy as it has never been preached before in order to provide for the possible further requirements of the war and to build up additional accumulations of capital.