

The Chronicle

Banking, Insurance and Finance

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C.N.R. FINANCING

Financial interest this week has been largely held by the negotiations in connection with bond guarantees or other governmental assistance asked for by the Canadian Northern Railway. As there has been a strong demand from within the ranks of both political parties to the effect that the C.N.R. people should give full information regarding the expenditure of cash subventions and proceeds of previous bond issues guaranteed by Government, Messrs. Mackenzie and Mann have just taken to Ottawa a small army of clerks with books, records, etc., for the purpose of supplying such information as may be required. It is said also that a staff of Government clerks is similarly engaged with the Company's books at Toronto. The opponents of the railway have taken the ground that the heads of the C. N. R. should give full information as to the profits made by themselves and their associates, while operating as construction companies with contracts from the C. N. R. proper. Some critics say that the Mackenzie and Mann millions have been largely amassed through the operations of these subsidiary construc-

tion companies; and it is argued that before the people of Canada come forward with further substantial support, it should be shown that the principal owners of the railway have embarked or ventured their private fortunes in the same way as the principal promoters of the C.P.R. risked their private fortunes in the early days of that enterprise.

THE MANNER OF AID.

Assuming that the C. N. R. interests will succeed in convincing Parliament of the advisability of granting assistance, the next point has to do with the manner in which it would be given. The general opinion being that the condition of the Dominion Treasury is not such as to make it advisable to give a straight cash grant, a guarantee of bonds is about the only way open. The newspapers have mentioned various amounts from \$25,000,000 all the way up to \$50,000,000, but it seems that a figure about half way between the two amounts is what is expected on the street.

WHAT SUCCESS IN FLOTATION?

Then, naturally, there is much speculation as to the degree of success that would attend the efforts to market the bonds after the guarantee is obtained. It will be interesting to see what attitude London will take in reference to the issues. Some hints have been given to the effect that arrangements might be made to market the bonds in New York in view of London's recent protests against too-heavy Canadian borrowings. In any case it seems likely that a rate of interest well above 4 p.c. would be necessary in order to ensure successful flotation.

NO CHANGE IN MONEY MARKET.

No further change of importance has been noted in the home money markets. New York funds are still selling at about 5-64 premium, which is gold export point; and the indications are that the Canadian banks are increasing their call loans abroad. Call loans at Montreal and Toronto are 5½ to 6 p.c.; and commercial paper is discountable at from 6 to 7 p.c. as in past months.

EUROPEAN SITUATION.

Call money in London is 2 to 2½ p.c.; short bills, 2¼ p.c.; and three months' bills, 2 1-16 to 2½. Bank of England rate is held at 3 p.c. The big central banking institutions at the Continental centres also maintain their official discount rates at the levels recently prevailing—the Bank of France at 3½, and the Imperial Bank of Germany at 4 p.c. Open market rate at Paris is 2¾ and at Berlin, 3⅞.

INFLUENCE OF ARGENTINE BORROWINGS.

The monetary situation in London was affected by the announcement that the Argentine Government had concluded arrangements with the Barings for a loan of \$50,000,000. Half of the amount—\$25,000,000—was placed on Monday on the basis of treasury bills maturing in 18 months and bearing