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SAVING FOR VICTORY.

In his Toronto address last week, Sir Thomas White laid emphasis upon a fact that hitherto has not perhaps been given the prominence it deserves in connection with exhortations to national saving in the interest of war finance. Saving is necessary at the present time, not merely to provide against the somewhat indefinite coming of a "rainy day" in the future, but actually in order that the existant industrial activity in Canada in connection with the supply of munitions may be continued. The size of munitions orders in Canada is largely dependent upon the extent to which Canada can finance those orders through the granting of credits to the British Government. The more that is saved to lend to the British Government, the larger will be the orders received. The practise of saving starts an endless chain of economic operations. Funds saved from one distribution, in exchange for materials or labour, of a credit given by the Canadian banks to the British Government become available afresh for a further credit, further purchases of materials and labour and so on endlessly. Apart altogether from the obvious necessity of being well prepared to shoulder the after-war burden of debt and to pass through as lightly as may be, the difficulties inherent in a change from a war footing to a peace footing, present-day thrift is necessary in order to ensure a continuance of present-day war activity in industry—in order that Canada may do its utmost in the production of munitions of war.

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The primary importance of this matter was similarly emphasised by Sir Edmund Walker in his annual address this week to shareholders of the Bank of Commerce. Sir Edmund pointed out very clearly that the financial ideal for us at the moment is to pay interest on our foreign indebtedness, to provide our share of the cost of the war and to lend as much as possible to Great Britain to pay for munitions made for her by Canada. We are apparently accomplishing this task. But it is clear that we are being largely helped in its accomplishment through our large borrowings in the United States and through subscriptions from our neighbours when war loan issues have been made in Canada. Of our issues of securities during eleven months last year amounting to \$303,715,875, about two-thirds, or \$192,748,820 were sold in the United States and only \$102,967,055—less than one-third—in Canada. Evidently the somewhat pronounced self-complacency with which the increasing totals of our bank deposits have been lately regarded in some quarters is scarcely justified, inasmuch as to a considerable extent they are due to new

money coming in from abroad and not to vigorous thrift at home.

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A new facility whereby practically everyone can share in the task of financing the war is afforded by the three-year war savings certificates, the issue of which is now announced by the Minister of Finance, and which can be secured from any bank or postal money order office. For \$21.50, \$43 or \$86 loaned to it now the Dominion Government will return three years hence \$25, \$50 or \$100 respectively. The return to the purchaser of these certificates is approximately 5.40 per cent. per annum. Thus the person of smallest means is placed on an equality with the large capitalist in regard to the return which he may secure from an absolutely safe investment, by the purchase of which also, he will be performing vital service to his country, and making provision for himself against the future. The degree of success which this scheme achieves is probably dependent upon the manner in which it is organised by voluntary associations of public spirited citizens and also by employers. Up to the present, there are few signs of such concerted effort to arrange for the sale of these certificates. However great their attractions may be, they are not likely to sell themselves, and it is to be hoped that at an early date the example of the war savings associations in England will be followed here. Unless some effort of that kind is made, the Canadian Treasury will continue to lose great amounts of funds, which might be otherwise quite easily diverted to it.

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Great Britain is now carrying out the greatest loan operation in the world's history. The new British long-term war loan bears, in the case of bonds subject to the British income tax, 5 per cent. interest instead of 4½ per cent., which was the figure of the preceding offering. Thus British long-term credit is placed on a 5 per cent. basis, since the older war issues are convertible into the new. The British Chancellor of the Exchequer has at one stroke decided to pay additional interest on all preceding British war loans—a step that obviously would not have been taken had there been any thought that the struggle was anything like near its closing stage. The British Chancellor's facilities for short-term borrowing had not been seriously curtailed and he certainly could have gone on for several months on the old basis if he had considered that the war's prospects justified such action. This is the best of reasons why Canadian efforts at saving and lending for victory should be steadily and systematically increased.