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### BORROWINGS, PAST AND FUTURE.

The record of Canada's borrowings abroad during 1913 makes a very striking exhibit. Canadian public emissions in the London market totalled some \$310,000,000 or about one-fifth of the total public issues made in that centre, but repayment of prior borrowings and the liquidation of short-term financing make the net total of our fresh borrowings through this channel, \$280,000,000. This compares with a total of \$231,000,000 in 1912 and is, of course, the highest figure of the kind which has ever been recorded. The increase in the amount borrowed over 1912 is mainly due to the increased activity in this connection of governments, municipalities and railways; public utility and industrial ventures have shown a very marked falling-off. An estimate by the *Toronto Globe* places the various classes of borrowings in the following amounts:—Government, \$53,500,000 against \$35,639,700; municipal, \$105,800,000 against \$48,414,962; railway, \$73,550,000 against \$69,972,320; public utility, \$7,650,660 against \$21,565,000; industrial and land corporations, \$40,411,600 against \$55,191,000. The figures for municipal borrowings are for eleven months only, and apparently include the \$20,000,000 or \$25,000,000 bonds which were taken in the United States.

This enormous amount of new capital has only been secured at a rate of interest much higher than borrowers had been previously accustomed to pay. However, practically all this borrowing represented absolutely necessary new financing and not any new ventures into untried fields or unnecessary luxuries. Critics abroad who argue about our borrowings on any other basis than that the borrowings which have been made during the last twelve months have been absolutely necessary are merely wasting their energy in setting up an Aunt Sally to knock down again. In the fact of our legitimate necessities is to be found the reason for our borrowings.

In regard to the outlook for borrowing during the coming year, all indications point to the fact that at least during the opening months of the year there will be considerable keenness of competition in London on the part of borrowers, and that rates will show a tendency to increase. Several of our Government and other borrowers have generous amounts of short dated loans out in London, which will have in the immediate future to be either renewed or refunded. So that a further considerable shower

of new Canadian issues on the London market at an early date is assured; it has in fact already begun. Probably it will be well to proceed on the assumption that we shall not be able to obtain in London this year so large an amount of funds as last year, owing to the competition of other borrowers for what is after all a limited supply of capital and the tendency thus engendered to send rates up to levels which would be prohibitive, except to borrowers whose requirements were absolutely imperative. Taking a long view, however, it is seen that there are certain economic and commercial circumstances now coming into operation which may possibly have an important and favorable effect upon our borrowing operations. It is generally expected that during the next few months there will be a somewhat general depression in trade in the leading industrial countries which will have the effect of releasing much capital employed and accumulated in trade during recent years and making it available for high-grade investments. Apart altogether from this source of replenishment of the floating supply of capital, it would seem that the scarcity of available funds which was so marked a feature of the foreign financial markets a few months ago has been to some extent overcome. Mr. F. W. Hirst, the editor of the *London Economist*, thinks that there is more money ready for investment in Great Britain than usual but that having regard to the state of things in Paris and elsewhere, investors are in no hurry, for they think that by waiting a little longer they will obtain still more attractive bargains.

Probably during the coming year borrowers will keep their requirements to a minimum in their own interests. At the same time it is certain that we can rely upon securing a goodly portion of new funds in London during the coming year, though not, perhaps, so large an amount as in 1913. Probably we shall be well advised to take there nothing but high-class issues. Municipal and other high-grade bonds are at present at very attractive levels, and there is good reason to think that issues of this kind offered abroad will continue to be readily taken by the investing public, whether in the first instance underwriters are left with a large proportion of their underwriting or not. At all events, it will be sound policy to keep the speculative industrial ventures, the land purchase schemes and the like under lock and key for a time. London has no use for them at present. Neither for that matter has Canada.