

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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One year	Six Months	Three Months	Single Copy
\$3.00	\$1.75	\$1.00	10 Cents

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The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

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BRITAIN'S WAR LOAN

Within about three days of the opening of subscription lists, \$750,000,000 of the new British war loan had been subscribed at the London banks. The very large applications, in other words the requests in millions, were being held back until this week. Last week's subscriptions to the loan, which a New York financial authority describes as "the most tremendous piece of national financing the world has ever seen," were mostly for small or moderate amounts.

In *The Monetary Times* last week, the conversion terms were not clearly stated. Considerable confusion was evident last week in regard to these terms. This arose first in the house of commons after the chancellor of the exchequer had made his announcement, with the result that early cable messages on this point were not clear. In brief, this option was one by which holders of consols and of the war loan of November last could convert their securities into the new loan. The option worked in this way. For every £100 of the older securities, the holder who wished to convert, subscribed for an additional £100 of the new war loan. The holder of £100 worth of old war loan stock, for example, had to bring £100 in cash, the old war loan stock (issued at 95) and £5 cash. In return, he received new war loan stock valued at £200. Consols were convertible under the same terms, on the basis of £75 of consols, for £50 of the new loan.

It is probable that many holders of the old consols will not convert. But the world's premier security is now placed officially upon a 4½ per cent. basis. The old consols were virtually irredeemable. The national debt was liquidated by purchase of them in the open market, and every dollar below par was so much gain for the British treasury. But the exigencies of the war are patriotically met.

Discussing the loan, the Wall Street Journal says: "Great Britain is on a 4½ per cent. basis, frankly and honestly. She is not lying to her foreign creditors. She

announces the real price of money in her desperate need, and the British public does the rest. If ever there was such a thing as sentiment in finance, poetry and heroism in a popular subscription, here it is. It is the frank and manly way of facing the financial truth. Consols will be back on a 2½ per cent. basis long before the redemption of the new war loan. But the British subject, citizen, patriot, dives down into his pocket and finds five shillings to subscribe to the loan. To call it a popular success is putting it weakly. It is a kind of munition of war more impressive than the greatest shells factories can manufacture."

The Bank of England is prepared to receive applications for the new war loan from abroad. It is stipulated that telegraphic advice from the foreign applicant must be received by the bank and the necessary 5 per cent. deposit paid before July 10.

MANITOBA

If the story of the Manitoba parliament buildings scandal had been written as fiction, it would have had a record sale and nobody would have believed the story. So many of the powers in authority in the province appear to have been mixed up in the political mud, that it has been difficult even to find a commission competent in all regards, to investigate the charges. The astounding charges, counter-charges and evidence are a sorry reflection upon Canadian politics.

The events are also a reflection upon the decent citizens of Manitoba who obviously have failed to play the citizens' part in trying to get and maintain clean government and the safety of public funds. The Manitoba revelations are doing great injury, not only to the credit of that province, but to Canadian credit generally. Who can blame the British and foreign investor for withholding his funds from a province in which such astonishing happenings have been allowed? And there are others.

Great Britain's vote this week of a blank cheque for \$5,000,000,000 for war purposes is a British combination of the silver-bullet and scrap-of-paper ideas.

SEED GRAIN ADVANCES

The Dominion government has issued a statement to the effect that the advances of relief to those who lost their crops in 1914 is practically at an end. In furnishing food for settlers, food for stock, and seed grain for land thoroughly cultivated, the government has made advances of more than \$12,000,000 which it admits "constitutes rather a heavy drain on the Dominion treasury."

It is good to note from the statement, that the government is impressed with the advisability of "endeavoring to the utmost" to secure the repayment of such advances out of the proceeds of this year's crop. In April last, *The Monetary Times* discussed these advances, stating then that the people of Canada were interested in seeing that these loans are duly repaid. On the question of the collection of the money, very little was said by those who participated in the parliamentary discussion. The payments are due on or before January 1st, 1916. At that time *The Monetary Times* said: "That the payments should be made by that date, is very desirable. The farmers should be in a position this year, with high