

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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THE PREMIER INVESTMENT IN CANADA

WHILE this is a war year in so far as our national expenditure is concerned, yet from the point of view of borrowing, war time conditions no longer prevail. Patriotic motives which were a substantial factor in the success of the previous war loans, cannot be counted on to a great extent for this loan. In the vast majority of cases it will be considered only from the investment point of view. The fact that the bonds will be taxable, will also lessen the large subscriptions which heretofore have been received from wealthy investors and from industrial and financial institutions.

The key note of the campaign, therefore, should be the investment side, and there is no reason why a sufficient amount cannot be raised in this way to meet the balance of our capital requirements during the current financial year. In spite of the distinct success of the previous loans, they were nevertheless not as popular as they would have been, had an additional income yield been substituted for the tax exempt feature. There is good reason to believe that if the terms are fairly attractive, and the merits of the bonds emphasized by wide-spread publicity, this loan should not be still more popular and at the same time successful.

The necessity for raising the sixth large loan is already appreciated by those who will take an active part in the campaign. The national financial position was exhaustively dealt with by Sir Thomas White at a preliminary meeting of the Dominion Executive Committee which will have charge of the loan, at Ottawa on August 1st. He showed how the money raised by the previous loans had enabled us to grant credits to Great Britain and to other European nations; which resulted in extensive orders being placed here, and Canadian industry thereby stimulated a critical period. Also an extensive shipbuilding program was pursued and the government went ahead with the purchase of rolling stock for the National Railways. Apart from these items, there is the large expense of demobilization. "Until last fall," he said, "we borrowed from Great Britain in London and that was a set off of our advances to Great Britain here, the amount of money required by us to maintain our purchase in Great Britain and on the continent. We did not have to

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find the money here in addition to the credits that were furnished to Great Britain. They furnished that money to us in London, and to that extent it was not a burden on our financing here."

With the bringing home of the overseas forces, however, Canada itself has had to pay them until discharged, and in addition there are the large war gratuities amounting to about \$130,000,000. There are also the loans under the settlement scheme.

It was the experience of all the other belligerents said the minister, that their war expenditures also extended beyond the armistice period. In Great Britain they also had to raise a huge loan to liquidate floating liabilities of about eight billion dollars.

Sir Henry Drayton, who succeeded Sir Thomas White as Minister of Finance, emphasized similar points in a speech last week at the Canadian National Exhibition, Toronto. While the previous minister had expressed the view that no further foreign credits should be granted. Sir Henry Drayton is evidently of a different opinion for he emphasized the value of further credits in maintaining industrial prosperity here. Speaking more particularly to agriculturists, he said:—

"First of all, I want to congratulate you. By your great efforts you have greatly increased production and your own business. In 1914 Canada's export of foodstuffs amounted to \$196,909,312. In 1918, this export had increased to \$385,746,765, an increase of over 90 per cent. In this increased production the Ontario farmer has most worthily played his part. The increase of foodstuffs produced in Ontario in 1918, showed a percentage increase over the production of 1914, of 95 per cent.

"Your crops grown, your work finished, let us consider how it was possible to make these exportations. You obtained cash for your products. What enabled these results to be obtained? Credit. What funds enabled these great quantities of foodstuffs to be acquired by purchasers without available money? The funds raised by the subscriptions of the people of our country to the various war loans. The mother country is the great market for our farm products. Canada has supplied Great Britain with credits as and when these credits were necessary in order to ensure the movement of your crops and the sustenance of our kindred overseas. Canada has extended credits to Great