

## SPOTS ON THE MORATORIUM

## Some of Its Disadvantages—London Advice is to Pay if Possible

A moratorium is not entirely financial honey. The Central News Agency's correspondent in London says that one extremely inconvenient result of the moratorium there has been that many companies have decided to postpone dividend declarations, while others which have recently announced distributions have been withholding them. A development of this sort of course is calculated to bring a sense of the crisis very acutely home to small capitalists up and down the country and even to cause temporary distress among those who have been reckoning upon the payment of dividends for purposes of subsistence, for while the recent money market panic and the gold run on the Bank of England were at their worst retail shop-keepers of all kinds were exercising a very rigid discretion about giving credit even to well-known customers, and were allowing none at all to casual buyers.

## Should Pay if Possible.

The London Financier, noting that debtors are absolved from the obligation of discharging debts contracted prior to August 4th, hopes that the privilege will not be generally, or even widely, availed of.

"Obviously, tradesmen and others can only keep going if the public pay readily, and they will be involved in serious embarrassments if most of their customers take advantage of the moratorium now in operation. People who, having money to their credit at the banks, refuse to pay their debts are enemies of the State and are playing the game of the enemy. The only patriotic thing to do is to pay up as far as possible and look pleasant.

"To do otherwise is to bring about widespread distress and precipitate commercial insolvency. It must be clear to everybody that, while traders are afforded a certain amount of relief under the new dispensation, they are still under an obligation to provide for many important items of expenditure, such as rent, taxes and wages. These are obligations which cannot be escaped, and if people who owe money decline to pay up, the traders concerned will obviously be placed in a position of great difficulty. It is the patriotic duty of every citizen to do all in his power to avert such a calamity.

## Commonsense and Debts.

"Quite apart from any considerations of patriotism, commonsense dictates that debts should be discharged without delay, as no advantage is to be gained by piling up liabilities which will have to be liquidated eventually. Sooner or later the moratorium will expire, and debtors will no longer be protected by the law.

"But many tradesmen, especially those who supply luxuries, will inevitably experience a heavy falling off in orders, and if their accounts are not paid they will find it practically impossible to tide over their present difficulties. Bankruptcies will result, and losses, direct and indirect, will be inflicted on almost every class of the community. Therefore we trust that, if only for patriotic and humanitarian reasons, all who owe money and are in a position to pay up will promptly do so, and thus promote the welfare of the country at a time when it is imperative that our traditional financial stability should be maintained."

Canada has not found it necessary to declare a moratorium.

## How to Work it.

"With reference," writes the London Standard, "to the proclamation issued postponing the due date for a month of bills of exchange, the machinery suggested for acting on the proclamation is as follows:—

"When an accepted bill of exchange is presented for payment at the bank with which it is domiciled for that purpose, this bank will, if instructed so to do by the acceptor, return the answer, "Instructions not to pay, in terms of the proclamation." The holder will then present it to the acceptor, who will re-accept the bill if left with him for that purpose in the usual way.

"Those acceptors, therefore, who intend to avail themselves of the proclamation, must instruct their bankers accordingly.

"Every bank must, of course, decide for itself how far it is necessary to give instructions in regard to the matter to its branches or correspondents in various parts of the country."

## SECURITY VALUES

now, according to some authorities, as in panic period of 1907, have not depreciated to any extent intrinsically, but in cash worth, governed largely by Law of Supply and Demand, and pessimistic sentiment dominated by existing war.

Indications are that, when war is ended, the hoarded millions now in savings banks will immediately seek investment. Undoubtedly this would cause huge increase in values of Canadian Securities, which will possibly enjoy more popularity than ever.

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References: R. G. Dun & Co. and Imperial Bank of Canada