

# The Chronicle

## Banking, Insurance and Finance

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### THE FUTURE OF THE SMALL INVESTOR.

The question inevitably arises at the present time, what permanent effect, if any, is the tremendous Victory Loan campaign going to have on the army of small savers and investors in Canada? Thousands of people who have never yet seen a bond, are being persuaded to buy one, for the good of their country and the maintenance of Canadian business. Better still, arrangements are being made in a great number of cases, for payment for these bonds to be made out of new savings, over a reasonably prolonged period. The experience of saving up to pay for these bonds, cannot but be a most valuable one, through its inculcation of the habit of systematic thrift, where that has not previously existed. But if the present campaign results eventually in some increase of systematic saving in Canada, what form will the savings eventually take? Will they go into Government bonds of small denomination, or will they mainly continue on the lines of the past, in bank deposits, life insurance, and ownership of small parcels of real estate.

At the moment, the Victory Loan campaign looms so large that, perhaps, it is easy to over-rate its permanent effects in changing the habits and ways of generations. The present campaign is by force of circumstances an appeal to the crowd. The well-known elementary fact in psychology that a crowd will take a course of action, not only without hesitation but with enthusiasm, which individuals composing that crowd would refuse to take, or strongly disapprove, is being largely availed of to float Canada's Victory Loan. This psychological fact is the real justification for the street processions and other developments, involving large expenditures of energy and money, with which the present campaign is being accompanied. With the brass band element absent, the individual once again an individual, and not merely one of a crowd, what will be his course of action? Perhaps, in some few cases, he may go on buying a Government bond or two as his savings accumulate. But in the great majority of cases most probably, the habits of generations will re-assert themselves, until they are again disturbed by another appeal to crowd psychology.

This matter is of some moment, since for an indefinite period, Canada will have to rely almost entirely on her own resources for capital expenditures, whether for the war or any other object. So far as funds for war expenditures and provision

of credits to Great Britain are concerned, it is hoped that the present effort will result in such a sum being raised as will enable the Government to carry on for a prolonged period without resort to another domestic loan. As regards national financing in the after-the-war-period, the outlook is extremely obscure. Before the war, Canadian Government financing was constantly done abroad on the theory—a sound one—that it was cheaper for the country. After the war, and possibly also during the remainder of the war, we can probably rely upon doing a certain amount of Government financing in the United States. To what extent, if any, after the war, we shall have to rely on our own resources, remains to be seen. But it would certainly appear unwise, in making any plans in this connection, to count too much upon the small investor, for support of Government financing.

### THE WAR LOAN CAMPAIGN.

The Victory Loan campaign proceeds apace. At the time of writing, the minimum of \$150,000,000 seems within easy hailing distance, and before the end of the week, a fair part of the distance towards the goal of \$300,000,000 should have been covered. The hardest part of the campaign, however, is still ahead, and the degree in which the Loan's success is eventually achieved lies chiefly in the hands of the small investors and savers who have not yet subscribed. From the point of view of the wide distribution and thorough "digestion" of the Loan right from the start, a thousand \$100 subscriptions are considerably more important than one subscription of \$100,000. Under present circumstances, no one who can arrange to save \$50 or \$100 during the next few months, after meeting his legal and moral obligations, can be excused from the urgent duty of buying a bond. The number of those who can arrange this, once they realise their duty, is legion. The continued steady employment at high wages of the artisan and the transport worker, the continued ability of the farmer to sell his products at high prices for export abroad, all depend in some degree upon the willingness of these same individuals to buy a Victory Bond.

### LIFE COMPANIES' HOLDINGS OF CANADIAN GOVERNMENT BONDS.

With reference to the observations regarding the Canadian Government securities held by the Canadian life companies, appearing in the article "Assets of the Canadian Life Companies" in our last week's issue, it may be noted, on the authority of the Dominion Superintendent of Insurance, that at July 1st last, these holdings had been increased to \$23,077,813, the equivalent of 7.3 per cent. of the total assets. The Canadian companies' holdings of these securities had thus been more than doubled in six months, since at the end of 1916, they were \$11,497,189. At the end of 1915, they were \$2,090,024; before the war the amounts held were trifling.

The British and other life companies operating in Canada held at July 1st last, Canadian Government securities to an amount of \$15,101,014. The total investment in these securities at that date of all life companies operating in Canada was thus \$38,178,827. Subscriptions of new money to the Victory Loan will increase very largely these holdings.