

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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TREASURY BILLS

The total of new money applications for the recent British war loan was £1,000,312,950. This sum includes the conversion of approximately £131,000,000 short-term treasury bills. Bankers differ as to whether these treasury bills should be regarded as new money. Those who favor the negative opinion contend that the treasury bills represent money which the British government has already spent. To some extent that is true, but the British chancellor included the treasury bills as new money because they are comparatively short dated. The longest of these bills were for twelve months and the shortest for three months. At the time the "victory" loan was issued the average was four months. These bills therefore represented obligations which had to be met by the State in a short time, and the chancellor thinks, therefore, he is right in considering that freeing the State from these obligations, to whatever extent, is in effect equivalent to new money. That is a reasonable view.

The conversion of such a substantial amount of the treasury bills into the new war loan is gratifying, as one of the few features of British finance which has aroused criticism, has been the large quantity of treasury bills to be renewed at short intervals. Great Britain, it is thought by some, delayed unduly the resumption of its issue of funded loans, but British credit and the temperament of British investors do not seem to have been adversely affected by the delay.

Canadian war finance has differed in this respect from that of Great Britain. The Canadian government has as far as possible funded the debt as it has been incurred, with maturities neither so long as to involve present rates of interest for too many years, nor so short as to trouble the government during a period of some years beyond any probable duration of the war.

THRIFT AND WAR LOANS

The number of subscribers to the British "victory" war loan exceeded 8,000,000. Of these, 3,200,000 subscribed for £25,000,000 of £1 war savings certificates issued at 15 shillings and 6 pence. Nearly 3,000,000 people subscribed 1 shilling and upward but less than 15 shillings and 6 pence. Great Britain has raised £2,002,000,000 by means of war loans since the war commenced, exclusive of all short-term borrowings. The thrift of the nation, dating back many centuries, is a substantial factor in these remarkable records. Ralph Waldo Emerson's critical analysis of English traits, written 60 years ago, pays tribute to the nation's thrifty habits. "Solvency," he says, "is in the ideas and mechanism of an Englishman. . . . They proceed logically by the double method of labor and thrift. Every household exhibits an exact economy and nothing of that uncalculated headlong expenditure which families use in America. If they cannot pay, they do not buy; for they have no presumption of better fortunes next year, as our people have; and they say without shame, 'I cannot afford it.' An economist, or a man who can proportion his means and his ambition, or bring the year round with expenditure which expresses his character, without embarrassing one day of his future, is already a master of life and a free man."

Coming from this practical American philosopher, the well-founded criticism may be taken to heart. Thrift for the individual is always good. Thrift, as Sir Edmund Walker said recently, "for the sake of Canada, for the sake of the Empire, to win the war," is now imperative. No amount is too small to save. It will soon become sufficiently large to place at the government's disposal to help bring victory. We are an extravagant people on this continent. We have much to do before we fully practise the principle outlined in a letter of Lord Burleigh to his son, "that one ought never to devote more than two-thirds of his income to the ordinary expenses of life, since the extraordinary will be certain to absorb the other third." In war times, this is even more important than in peace.

EXPORT TRADE

The principal lesson of the report of the American Industrial Commission to France is that United States and Canadian traders have much to learn in regard to export trade. The report was recently presented to the American Manufacturers' Export Association, and contains much practical information and advice in regard to Franco-American trade. We have become so accustomed to hearing American criticism of English business methods abroad that it is somewhat refreshing to read an American criticism of American business methods, with a hint that something may be learned from England and Germany in the matter of foreign trading. The commissioners point out that American export trade has been hampered by a sometimes shortsighted unwillingness on the part of many manufacturers to modify their home demands in any particular, even when attempting to enter foreign markets. The refusal to consider peculiar wants of foreign countries—to change packing, even such external packing as is absolutely necessary to assure safe transportation; the refusal to extend terms of any kind, and insistence upon cash against documents, f.o.b. American