

FINANCING THE MUNITIONS INDUSTRY

The appointment of an Imperial munitions board in Canada, to take the place of the old shell committee, seems to point to what has become the most important phase of the munitions industry, the financing of it. Several new members of the board have strong financial connections. Most of the retiring members are interested in the industrial side of the work, and an advisory commission has been formed, of which the practical men have become members. These advisers will consider the problem of conserving, securing and developing the raw material entering into all the branches of munitions, manufacture, the utilization of by-products, etc. The munitions industry here is a big one, as there are now 320 firms manufacturing shells or their component parts. Several subsidiary industries have also been established, such as a copper refinery, a zinc refinery, the explosives factories and brass production. One hundred thousand skilled mechanics and workers are now employed by the Canadian war industries.

Dispatches from Ottawa indicate that the financing of these industries now requires greater consideration. It is stated unofficially that the minister of finance will take up with the banks the question of the establishment of dollar credits, through acceptances or otherwise, with a view to financing partially British purchases through the munitions board and of other supplies.

According to Ottawa advices, also, Messrs. Lionel Hitchens and Bland, representatives in Canada of the British minister of munitions, have practically concluded an arrangement whereby the Dominion government, the banks and the manufacturers can embark on a much more extensive scheme for the production of war munitions in Canada. It is understood that the financing will be done in Canada. Heretofore the financial end of the manufacture of munitions in the Dominion has been looked after by the Imperial government. Apparently the Dominion government will now look after this end of the matter, advancing loans to the British government.

WAR AND CANADIAN LIFE COMPANIES

There appears to be much misunderstanding as to the share of the Canadian war risk burden which the life insurance companies here have assumed. Practically all the business which Canadian companies have secured is on the lives of Canadian citizens. There are, therefore, many millions of dollars already exposed to the war risks. The reinforcements of Canadian troops now being trained for overseas service and going forward regularly in drafts to Europe, add many more millions of dollars to our companies' war risks. The Canadian life insurance companies, therefore, have a much larger percentage of their total business exposed to the war risk than can have any foreign companies doing business here. This applies, no matter how large a number the foreign companies may insure at one time.

At the beginning of the war, practically all the Canadian companies agreed not to charge an extra premium to existing policyholders entering service abroad, despite the fact that in many cases the policies especially provided that an extra premium might be charged. But as the war advanced, the fatalities were so numerous that the Canadian companies were obliged to make an extra premium

charge on war risks. At first the companies had in view the experience of previous wars, but soon it was found that this experience was no guide whatever for the calculation of risks in the present war. The Canadian life insurance companies are carrying a heavy amount in war risks, and the extra premium is merely a matter of justice to policyholders as a group.

THE SMALL INVESTOR

A number of people who had not previously purchased bonds, made their acquaintance of this class of security through the Dominion loan last week. This puts the government, the banks and financial institutions generally in touch with what, to them, is practically a new group of investors. Much of the money of this group in the past has gone out of the country in so-called investments in barren lands, "salted" mines, and "fake" oil wells. There must be a large aggregate sum in the hands of small investors everywhere. These funds are needed in the British Empire to help to conclude the war for the general benefit of civilization.

When the British war loan of £600,000,000 was issued in July, a special effort was made by the government to interest the small investor. War loan vouchers were issued in denominations as low as five shillings. A certain number of these were exchangeable for war bonds. The experiment was not a great success because the small investor, particularly among the working classes, is not familiar with the merits of a good government bond. Of the £600,000,000 subscribed to the loan, the small investments totalled only £5,000,000. The British government now proposes to try another method of interesting these small savings. They will issue war loan bonds of £1 or multiples thereof, bearing 5 per cent. interest. By persistent endeavors to attract small savings to legitimate investments, success will ultimately be achieved.

The French temperament is venturing even further than the British in order to obtain the co-operation of small investors. Last week, the screens in every moving picture theatre in France presented a series of official films concerning the great war loan, to which subscriptions had been opened. Minister of Finance Ribot is thus applying for the first time to national ends what was defined at the French finance department as one of the quickest practical means for the diffusion of ideas. It will take ten pictures prepared by notable artists, to announce each important fact concerning the loan. The final design will show a German soldier crushed under the weight of a French gold piece, while a rooster—the real Gallic cock—reaches out his beak from the bas relief of the coin and seems to say to the exhausted fighter: " 'Twas scarcely worth while to commit so many crimes to come to this."

A BUSINESS DEAL

When it is known that a government is a purchaser of a commodity, invariably prices begin to rise. With the undesirable assistance of the professional speculator, it rises to unreasonable figures. When it is known that a government is a purchaser of a commodity, and it is known also that the purchases are imperative, the situation is aggravated. Usually, too, the man who should get most of the price gets least and the professional speculator who should get none gets most.