

period of depression has proceeded. Deflation in the stock market, the lowering of dividend rates, and the purchasing of stocks for the return they might be expected to yield, have turned the attention of the investing public toward the greater security of bonds as an investment. In turn with the increased demand, the prices of good bonds have advanced and can be sold under conditions more favourable to the seller than for some years before.

Dominion Government financing through bond sales since 1907 may be divided into three periods: the first from 1908 to 1914, when the money was required largely for internal development of the country, public works and Government railways; the second from 1915 to 1919, when war expenditures required very large borrowings; and the third since the war, when the issues have been largely required for refunding former loans at more favourable interest rates and for expenditures in connection with public works and railways.

Provincial bond issues have been on a much larger scale since the war than formerly, probably due to the development of provincially-owned public utilities and of improved highways. Sales of the bonds of Canadian municipalities, on the other hand, were greater in 1913, toward the end of the "land boom", than they have been in any other year, although sales in 1930 almost reached the record of that former year. However, allowing for the increased population in cities and towns, there has not been the same marked increase in the average annual sales of municipal bonds in the period since the war compared with the period before the war, that is noticeable in the case of provincial bonds.

Sales of corporation bonds, which from 1926 to 1930 had reached over \$200 million per year, dropped 73 p.c. in 1931, this being largely due to the uncertainty of the industrial outlook.

A very striking change has taken place during the present century in the market in which Canadian bond issues are principally sold. Prior to the war, a great part of the capital required for Canadian development was drawn from Great Britain, and the major portion of Canadian bond issues were sold there. The coming of the war temporarily eliminated that market, and Canadians turned largely to the United States for outside capital. However, the great increase in wealth during and since the war has enabled a much greater proportion of public and industrial financing to be done at home, and beginning with the Victory Loan campaigns, Canadians not only learned how to invest their money in bonds, but had the necessary funds to invest on a large scale in bond issues. These facts are reflected by the figures in Table 33 which show that since 1915 a greatly increased proportion of the total issues of Canadian bonds has been sold within Canada. The large proportion so sold in 1931 is due to the recent domestic offering of Dominion bonds in large amounts.