Section 4.—Sales of Canadian Bonds.

Interesting aspects of public financing and of the investment of capital in Canadian development during the twentieth century are illustrated by the sales of Canadian bonds since 1911 shown in Table **33**. (The figures are reproduced from the *Monetary Times Annual*, 1935.) In the first part of this table, the bonds sold in each year are divided according to whether the financing was for Dominion or Provincial Governments, or for municipalities, railways or other corporations, while in the second part of the table the sales in each year are distributed according to sales in Canada, the United States and the United Kingdom.

The total sales of Canadian bonds naturally reached a very high mark toward the close of the War owing to the Dominion Government financing required to cover the war expenditures. However, the total sales were greater in 1931 than in any other year, owing largely to the Dominion Government's conversion loans.

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 lower 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. 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, as 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 averaged over $257,000,000 per year, dropped to $10,550,000 in 1932, and to $4,385,000 in 1933, this being largely due to the uncertainty of the industrial outlook. Railway bonds showed a somewhat similar decline to $12,500,000 in 1932, and to only $1,000,000 in 1933. In 1934 substantial recoveries were shown in both classes.

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 came from the United Kingdom, and the major portion of Canadian bond issues was sold there. The outbreak of 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 campaings, 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** showing that since 1915 a greatly increased proportion of the total issues of Canadian bonds has been sold within Canada. Thus, in 1934, 83 p.c. of all bonds issued were sold in Canada, 8 p.c. in the United States and 9 p.c. in the United Kingdom.