## Section 3.—Sales of Canadian Bonds*

The total sales of Canadian bonds naturally reached a very high mark toward the close of the War of 1914-18, owing to the Dominion Government financing required to cover war expenditures. The 1919 total of over $900,000,000 was not exceeded until 1931 when a large amount of war bonds was refunded at lower rates of interest. In 1940, the first complete year of the present war, total sales were far greater than in any previous year, and owing to the concentration on Dominion Government loans, the proportion of all other types of financing to the total sales was the lowest since 1918.

Dominion Government bond financing since 1907 may be divided into four periods: from 1907 to 1914, the period of the Great War from 1914 to 1918, from 1919 to 1939, and from 1939 to date. In the first period the money was required largely for internal development, public works and railways; in the second, war expenditures required very large borrowings. The third is divided into two phases by the year 1929; up to that year the annual borrowings of the Dominion tended to decline, although the borrowings on account of the Canadian National Railways were considerable. After 1929 the sales of new Dominion Government bond issues rose steadily, comprising borrowings to pay for unemployment relief, refundings at lower rates of interest, and various public works. Since the outbreak of the War in 1939, the Dominion has been forced to borrow on an unprecedented scale in order to meet the tremendous expenditures that have had to be borne.

Provincial bond issues have been on a much larger scale since the War of 1914-18 than formerly, probably because of 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, in spite of the increased urbanization of the population, there has not been the same marked increase in the average annual sales of municipal bonds that is noticeable in the case of provincial bonds for the period since the War of 1914-18, as compared with the period before the War. During 1940 the bulk of the financing done by the provinces and municipalities has been to refund outstanding issues.

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 due to the unfavorable industrial outlook. Since then the amount of new money borrowed by corporations has been relatively small since the trend has been toward the refunding and retirement of bonded debt. The War did not create any new volume of corporate borrowings since the costs of plant expansion for war production were borne mainly by the Dominion. Railway bonds also showed a precipitate decline to $12,500,000 in 1932 and fell to $1,000,000 in 1933. In 1940

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