

Highlights of the year's bond issues in 1943 came with the flotation of two issues, one in May, the Sixth War Loan (Fourth Victory Loan), which raised \$1,308,716,650; the other issue came in November, the Seventh War Loan (Fifth Victory Loan), raising \$1,571,311,550.

Dominion Government bond financing since 1907 may be divided into four periods: from 1907 to 1914; the period of the First World 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 was 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 to be borne.

Until 1940, provincial bond issues were 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. Owing to additional demands on Canada's capital markets, however, the Provincial Governments expressed the intention in 1941 of strictly limiting bond financing for the duration of the War. Consequently, the aggregate of provincial direct and guaranteed bond financing in that year was only \$69,736,000, \$96,860,000 in 1942, and \$97,632,000 in 1943, as compared with \$156,820,000 in 1940 and \$154,059,900 in 1939. The 1941 figure was the lowest since 1919. With the total of refunding also smaller in 1941, it was only natural that the volume of provincial flotations should decrease.

Sales of the bonds of Canadian municipalities were greater in 1913, towards the end of the 'land boom', than they have been in any other year, standing at \$110,600,936. Sales in 1930 almost reached the record when they totalled \$109,648,063. In spite of the increased urbanization of the population, however, there has been a marked decrease in the annual sales of municipal bonds, the amounts being \$23,563,905 in 1942 and \$14,228,986 in 1943.

During 1942 and 1943, the new-issue municipal market was characterized by very low volume. Rising employment throughout the Dominion and greatly increased industrial activity has had marked influence on municipal finances generally. Unemployment relief expenditures were down sharply and tax revenues were increasing. As a result, the municipalities found themselves in a more comfortable financial position and new debentures during the past two years were practically non-existent.

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 unfavourable industrial outlook. Since then the amount of new money borrowed by corporations has been relatively small (except for the two years 1936 and 1939) and 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, 1941 and 1942 there was no direct financing by the railways for the first time on record, owing to a change in methods of financing. However, in April, 1943, the first railway issue since 1939 was floated