

Some Facts and Figures Regarding
Canada's Victory Loan
1917

By E. R. WOOD

**Issued by Canada's Victory Loan Committee in
Co-operation with the Minister of Finance
of the Dominion of Canada.**

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CANADA'S VICTORY LOAN, 1917

WHY DOES GREAT BRITAIN FIND IT NECESSARY TO BORROW MONEY IN CANADA?

For almost three years, she bore the heaviest part of the financial burden of the war, for herself, for the Allies and for the Dominions.

She borrowed enormous sums from her own people to help finance the war.

British corporations were asked to release their foreign securities in exchange for British securities. These were sold and converted into cash.

Britain next asked private holders of foreign securities to loan them to her. These were used as collateral for British loans in the United States, when in 1916 the financial burden became so heavy that it was necessary to arrange with the United States for large loans to meet commitments in that country.

The United States has since agreed to loan to Britain and its Allies overseas, \$3,000,000,000, but it has stipulated that the money must be spent by those countries in the United States. In other words, the vast sum of three billions of dollars will be expended by the Allies to keep American factories and farms, steel plants and shipbuilding yards, and the nation generally, busy with war orders.

Our war loan to-day is for a similar purpose. It will be used to advance credits to Britain for purchases here of farm products, munitions, ships, etc. It will maintain our present high standard of agricultural and industrial production and general prosperity.

Britain has a very heavy trade balance against her in the United States because of her large war pur-

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From the beginning of the war to the end of September last, we had advanced to Britain \$460,000,000.

Since August, additional credits have been arranged for British purchases of \$100,000,000 of our wheat.

The Dominion government has also made arrangements to advance at least \$25,000,000 monthly for munition purchases for the balance of this year.

This is the character of the transactions we are asked to help finance by means of our war loans.

At the end of this year, we may have advanced possibly as much as \$680,000,000 for British purchases in our own country. We have already received war orders valued at more than twice that amount.

War orders are waiting for us in large volume if we can arrange to finance them. If not, the orders will have to go elsewhere, probably to our nearest neighbor, who is doing everything possible, not only to win the war, but also to supply Britain with all she needs, at the same time keeping American prosperity at its record height.

Can we justly refuse to do likewise, according to our strength, in view of the vital issues at stake?

HAS GREAT BRITAIN DONE SO MUCH WAR FINANCING THAT SHE MUST SEEK CREDITS IN CANADA IN ORDER TO CONTINUE BUYING CANADIAN PRODUCTS FOR WAR PURPOSES?

From the outbreak of war in 1914 to May, 1917, nearly three years, Britain loaned to her Allies the stupendous sum of \$4,460,000,000 and to her Dominions the sum of \$730,000,000, a grand total of loans to her Allies and Dominions of \$5,190,000,000.

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This is in addition to her own vast war expenditures. Up to May, 1917, last, she had expended on war \$21,815,000,000. By March next it is estimated her war expenditure will reach at least \$31,325,000,000.

The people of Great Britain have subscribed a number of large war loans, including a loan for \$1,655,000,000 and another for \$2,910,000,000. Those two loans alone are thirty times as much as the amount we are asked to subscribe to our war loan.

These loans have been for war purposes only and part of them were in turn loaned to the Allies and the Dominions, including Canada.

Britain's war loans, raised at home and abroad, from the beginning of the war until May last, total \$25,050,000,000.

ASIDE FROM SENTIMENTAL REASONS, WHY SHOULD CANADA ADVANCE MONEY TO BRITAIN TO ESTABLISH CREDITS HERE FOR HER PURCHASES IN CANADA?

We must win the war, and advancing such credits is one of the most vital and important ways of helping to accomplish victory. Hence our Victory War Loan.

Up to the time that war broke out, the British people had invested in Canada \$2,914,000,000, mostly in our securities. That is the financial foundation on which the present Dominion of Canada was built.

For years past, Britain has bought 50, 60, 70 and 80 per cent. of all the bonds we had to offer. This gave us the funds to carry on our public works, to build our railways, to develop our towns and cities, to finance our industries and to supply our loaning companies with funds to lend to the farmers throughout Canada.

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To-day, Britain asks us to establish credits here for her, so that she may purchase large quantities of our products, and thus continue, even during war time, to help build up our agricultural, industrial and general position and prosperity.

We have only just begun to develop our resources. We shall need, after the war, further vast sums for the development of our farm lands, our forest, mineral, fishery and other resources. We shall need such funds not only from the United States, but also from Great Britain.

The year before the war commenced, we had an unfavorable trade balance of \$180,000,000. In short, we had imported that much more than we had exported. After a few months of war, because of the war orders which our farms and factories were filling, this unfavorable balance had been reduced to \$63,000,000.

By September, 1915, it had, for the same reason and for the first time in many long years, changed from an unfavorable to a favorable trade balance, and to the substantial sum of \$100,000,000. For the five months, ended August 31st, of the present fiscal year, we had a favorable balance of \$200,000,000. We were on the right side of the national ledger to that extent. This gratifying process is continuing, chiefly because of the money Britain is spending here for war purposes, thus swelling the volume of our exports to totals not previously recorded in the Dominion.

We want to maintain and perhaps better that record. We want to build up our own favorable trade balance by advancing the necessary credits to Britain. We do not want our balance to slide back again to an adverse one. We do not want the war orders to go to the United States, simply because we would not muster courage and money enough to make the necessary advances to the Motherland.

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COULD CANADA BORROW THIS MONEY ELSE- WHERE THAN AT HOME?

No; because on account of the war, the money markets of Britain and the United States are closed to practically all applications for money except for their own war loans.

Britain is not able to pay for its purchases here, because of the heavy financial strain of war she has borne for over three years.

The United States is busy with large war loans of its own and loans to the Allies for purchases in that country.

It is a good thing for Canadians to buy their war loans, because the substantial interest on these loans will be paid to us instead of to foreign lenders. It will stay at home and help Canadian prosperity. We are becoming bondholders of the nation as well as taxpayers.

With the present Victory Loan of \$150,000,000, we shall have subscribed \$500,000,000 of war loans. This means that over \$25,000,000 of interest will be paid to Canadians every year on their war bonds.

DO WAR ORDERS REALLY CONSTITUTE THE BACKBONE OF CANADIAN PROSPERITY TO-DAY?

If it had not been for the vast volume of war orders placed in Canada during the past three years we should have experienced a serious business depression owing to the dislocation caused by the war. If we do not continue to help to finance these orders by fully subscribing our war loans that depression may yet come.

The total value of war orders placed here by Britain and the Allies, chiefly by Britain, from the begin-

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ning of the war to the end of 1916, was \$1,095,000,000. By the end of this year, the total will considerably exceed \$1,500,000,000.

These orders include shells, flour, blankets, wheat, cheese, butter, meats, oats, canned salmon, fish, ships, all the thousand and one things required for war, everything from buttons to aeroplanes.

Since the outbreak of war, the Imperial Munitions Board has placed in Canada, on behalf of Great Britain, orders for \$972,000,000 of shells, munitions and ships. The orders placed by them this year alone to September 30th last were valued at \$263,000,000.

Already orders have been placed here by Britain for over \$46,000,000 worth of ships.

The Imperial Munitions Board is spending in Canada a million dollars every day of the year and will do so while the war lasts and while we can finance the orders.

Arrangements have been made by the Dominion government to advance \$25,000,000 monthly to the end of this year for munitions.

To September last, our Department of Agriculture at Ottawa has placed in Canada, on behalf of the British War Office in Canada, orders for hay, oats and flour valued at about \$100,000,000.

Our Department of Trade at Ottawa had placed up to the end of 1916 orders for Britain and her Allies for nearly \$23,000,000 worth of Canadian flour, blankets, wheat and shirts. Since then, such purchases have been continued on a large scale by the various purchasing commissions in Canada of the Allied nations.

The British War Office Service in Canada had purchased up to the end of 1916 over \$26,000,000 worth of our cotton and woollen goods, foodstuffs of factory and farm, sugar, manufactures of iron and steel and miscellaneous supplies. That Office has been making heavy purchases here ever since.

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In short, Canada has been acting as a big merchant, selling most all the goods it does not need at home to Great Britain. Britain needs much more, but it must have credit. No buyer can continue to make such vast purchases, and for such a cause as that of the Allies, without substantial credit.

These conditions cannot continue unless the people of Canada save every cent possible and invest every dollar possible in our war loans. The loans may then be used to establish the credits which Britain needs here in order to continue to make her vast purchases in this country. Canada's self preservation at this time, its prosperity, its activities, depend almost entirely upon the extent of our ability to save and invest in war loans.

HAVING MADE SUCH HEAVY PURCHASES FOR SO LONG A PERIOD, WILL BRITAIN REQUIRE MUCH MORE OF OUR PRODUCTS? HAS NOT BRITAIN GOT ALL THE SHELLS SHE WANTS, FOR EXAMPLE?

Britain will continue to purchase vast quantities of our products, so long as the war lasts, for war purposes, but only if we give considerable help in financing them. She has always been our best customer. She is our best customer now. She will be one of our best customers in the future.

Britain could sell back to us hundreds of millions of our securities and thus finance her purchases here, but we are unable to buy them back. We can, however, establish credits here, from month to month, by dint of thrift and economy and substantial investment in war loans.

The British Food Controller, and the Grain Commission, state: "We require your wheat, your meats, and other food products."

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The British Minister of Munitions has advised: "We want the munitions which you are now supplying; indeed, if you could arrange to do so, we would like to secure an increased, not decreased, supply from Canada."

The British Minister of Shipping has expressed himself as wanting to arrange for the building and purchase of further ships in Canada in addition to those now under construction.

The Admiralty Controller has advised: "It would be of great service if arrangements could be made whereby ship's plates could be rolled in Canada."

The Chairman of the Air Board has requisitioned for further training camps, with additional aeroplanes. The Aeronautic Supply Department has made an earnest demand for the production of silver spruce, which will require a somewhat extensive expenditure in the development of facilities in British Columbia for the production of the large quantities which are needed.

The answer which the British Treasury makes to all these demands is: "We do not know how we can provide dollar credits in Canada to meet the bills. We have asked for additional assistance from Canada so that the necessitous supplies for the war may be made available, and the foodstuffs for the army and the civilian population provided."

HAS THE WAR MADE A GREAT DIFFERENCE TO OUR EXPORT TRADE?

Yes; the effect of the war has been to increase our export trade by no less than 157 per cent. in three years. During the year ended March, 1915, we shipped abroad Canadian merchandise valued at \$409,000,000, the highest total on record, with the exception of 1914, when the figures were \$431,000,000. In the fiscal year

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1917, we had increased our export business to a value of \$1,151,000,000, this increase being due both to greater volume and to higher prices.

Every department of our export activity has been favorably affected, as the following figures show:

Exports of the Products of Canada	Fiscal year 1915	Fiscal year 1916	Fiscal year 1917
Mines	\$ 51,000,000	\$ 66,000,000	\$ 85,000,000
Fisheries	19,000,000	22,000,000	25,000,000
Forests	42,000,000	51,000,000	56,000,000
Animal Produce	74,000,000	103,000,000	128,000,000
Agricultural Products.....	135,000,000	250,000,000	373,000,000
Manufactures	85,000,000	242,000,000	477,000,000
Miscellaneous	663,000	6,792,000	6,353,000
Total exports, merchandise	\$409,000,000	\$742,000,000	\$1,151,000,000

HAVE WE THE RESOURCES TO JUSTIFY US IN ADVANCING SUBSTANTIAL CREDITS TO BRITAIN?

Yes; last year our field crops, forests, mines and fisheries alone produced \$1,241,000,000 of new wealth, a sum greater than the present national debt.

Our primary production is increasing every year. In 1908, our field crops, forests, mines and fisheries produced \$703,000,000 of new wealth. In 1915, the total for the first time exceeded a billion dollars. Last year, it was better still. This year, with the stimulation of war orders, the total will be again increased.

The value of our manufactured products last year was estimated at \$2,000,000,000. This year, it will be as large, if not larger.

While the farmer has exported most from Canada for many years past, the manufacturer has nearly caught up with him and farm and factory are running

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a neck and neck race for first place among Canada's exporters.

Our national revenue is rapidly increasing. For the first five months of the current fiscal year, the revenue was \$112,000,000, an increase of \$22,000,000 over the same period last year.

Our trade balance for the same period is favorable to the extent of \$200,000,000.

Our total bank deposits at the end of August last were \$1,392,000,000, of which savings deposits accounted for \$952,000,000.

We have faith in the future of our own country. Great Britain's faith has been tangibly expressed by the investment here of \$2,914,000,000. The United States has invested here more than \$700,000,000.

We have every good reason for legitimate confidence in our national position and ability to advance credits to Britain for her purchases here. Otherwise, our present prosperity will be seriously jeopardized.

WHY SHOULD THE FARMER BE INTERESTED IN CANADA'S VICTORY LOAN?

He, like everyone else, wants to win the war.

The farmer is particularly interested in helping to subscribe our war loans, thus creating credits here for British purchases. British investors before the war had invested in Canada \$2,914,000,000, many millions of which were placed in farm mortgage loans throughout Canada.

Not only have the people of Britain loaned their funds in generous amounts to the Canadian farmer, through our various loaning institutions; they have also purchased the bulk of Canada's farm products. In short, Britain has largely financed the Canadian farmer and at the same time has been his best customer.

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Take wheat and grain as an example. We shipped to Britain \$230,000,000 of our total \$289,000,000 of grain exports during the fiscal year ended March, 1917.

She bought in the same year \$90,000,000 of \$128,000,000 of the animal produce we exported.

During the three war years, our farm products have been exported in increasing volume and at rising prices. In 1915, we shipped over \$209,000,000 worth of Canadian agricultural and animal products abroad; in 1916, \$352,000,000; and in 1917, \$501,000,000. Most of this went to Great Britain, who wants to buy more, if we will advance the necessary credits.

Since the outbreak of war, the Department of Agriculture at Ottawa has shipped 481,049 tons of hay to Great Britain and 76,000,000 bushels of oats. It has shipped also 440,000 tons of flour, requiring for its manufacture over 24,000,000 bushels of our farmers' wheat. That Department alone has shipped nearly \$100,000,000 worth of hay, oats and flour to Britain. This has been done with the help of credits established by us.

Despite the impetus given to Canadian manufacturing by the munitions industries, the exports of Canadian animal produce and agricultural products continue to exceed those of factory products.

For many years the exports of our farm products have exceeded those of our manufactures. These figures illustrate that fact at a glance:

Fiscal Year	Exports of Canadian animal produce and agricultural products	Exports of Canadian manufactures
1914	\$251,000,000	\$57,000,000
1915	209,000,000	85,000,000
1916	352,000,000	242,000,000
1917	501,000,000	477,000,000

The early credits advanced by Canada to Britain for purchases here were chiefly for munitions, because

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shells were then one of the most important things needed at the front. Since then, credits have been arranged for the purchase of practically all kinds of agricultural and dairy produce.

HOW MANY SUBSCRIBERS WERE THERE TO OUR THREE PREVIOUS WAR LOANS?

To the first loan of \$100,000,000 in November, 1915, there were 24,862 subscribers.

To the second loan of \$100,000,000 in September, 1916, there were 34,526 subscribers.

To the third loan of \$150,000,000 in March, 1917, there were 40,800 subscribers.

To the first war loan of the United States (the Liberty Loan of \$2,000,000,000), there were 4,000,000 subscribers.

This was the first time that country had been asked to subscribe to a war loan of their own. They did it thoroughly, receiving an interest rate of only $3\frac{1}{2}$ per cent., compared with a considerably higher interest rate on the Canadian war loans.

To equal their record, proportionately, we should have had 280,000 subscribers to our third war loan; we had only 40,800.

We are going to do better this time, for we recognize, as the people of the United States did in subscribing to their Liberty Loans, that full subscription of war loans will bring the war to a successful and speedy conclusion, will bring back our peaceful and profitable pursuits, and in the meantime will continue our activity and prosperity while the war lasts.

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