

Victory Loan Cards and New Savings Accounts

This scheme is skilfully designed not only to help along the flotation of the national bond issue, but also to encourage thrift among the people and to mobilize their savings

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The banks' plan to assist wage earners and small investors to buy Canada's Victory Bonds, as outlined by their full-page advertisement in the daily papers, has points of resemblance to the savings plan of which Baron Shaughnessy told the story the other day. The plan by which the present head of the Canadian Pacific definitely started to accumulate capital apparently consisted of his borrowing \$100 from the local banker at the outset of his career and of settling down to economise and pay off the loan while the borrowed money lay at his credit in the bank—probably not bearing interest. At the end of the period, the loan being paid off, the young man had a cash capital of \$100, which would otherwise perhaps have been non-existent—but for the loan, his personal expenses, some of them being unnecessary would probably have absorbed all or most of the income. Under the circumstances the outgo in the form of interest was a mere trifle in comparison with the acquisition of the capital sum which the transaction facilitated.

By means of the banks' plan thousands of wage earners and salaried people have a fine opportunity of commencing in earnest to accumulate capital, on a basis even more advantageous than applied to the case of Baron Shaughnessy in his youth. The people who are invited to use this method of taking up a Victory Bond are not required to lose any interest at all. The banks will charge them only 5½ per cent; and the net return derived from the investment in the bond will be from 5.61 per cent to 5.81 per cent, according to the maturity selected. Everybody knows how the taking out of a life insurance policy forces the policyholder to save. He has his regular payments to meet, and he shapes his expenditures accordingly. In the same way these loan cards which the banks are utilizing in connection with the Victory Loan campaign, are bound to have an influence upon the expenditure policy of those who undertake obligations in this form. Each party signing a card has the fixed amounts to meet on the specified dates; and if certain of the personal expenditures which he has accustomed himself to make stand in the way of meeting these regular payments, the chances are that they will be cut out or reduced during the period of the loan repayment—especially if they are for pleasures, luxuries, or non-essentials.

Now take the case of a working man or wage-earner who applies for a war bond and signs the loan card provided by the banks. Let us say that he has not previously had a savings account at any chartered bank branch or elsewhere. During the ten months of the loan period, he becomes accustomed to setting aside \$5 or \$10 from each month's pay and handing it to the bank on account of his loan. When the loan is paid off and the bond owned outright, there is a reasonable prospect of the wage-earner opening a savings account at the bank branch where his loan was carried, and continuing to make regular monthly deposits in it. Thus, through making the loan, the bank in the first place would promote the sale of the war bonds; and secondly it would be establishing a new connection for its savings department, which connection might in time become valuable.

If we examine the working of this scheme from a more comprehensive point of view we may see that it is skilfully designed not only to help along the flotation of the national bond issue, but also to encourage thrift among the people and to mobilize their savings. Let us take the case of a bank branch located near and carrying the account of a manufacturing establishment employing say 400 hands. Although good wages are paid it may be the case that the bank has savings accounts in operation for not more than 40 of these employees, or 10 per cent of the whole number. The Victory Loan propaganda hits this establishment and hits it hard. In their homes and wherever they turn when off work, the employees are told that they must take a \$50 or \$100 bond to support the boys in the trenches. They see that practically everybody is taking a bond; and at the same time their employer makes vigorous representations regarding a bond subscription from every one of his employees, and perhaps suggests that loans or advances will be made to such of the employees as require assistance.

This makes a fine opportunity for a far-seeing branch manager. Even if the manufacturer is wealthy and is quite willing to lend his own funds to the employees, the branch bank may derive considerable benefit through arranging with its customer for making the loans through the bank. Suppose that eventually 320 of the employees, or 80 per cent of the whole, enter subscriptions to the Victory Loan, and that 100 of them have recourse to the loan cards, borrowing from the bank to take up their bonds. This means that the 320 subscribers would designate the branch as the place where their bond payments were to be made; and many of them would doubtless attend at the bank in person to make the payments. As regards the 100 borrowers their relations with the branch bank would be of a more intimate description. One might say that their loan cards were merely savings accounts showing debt balances, and that when the loans were finally extinguished the loan cards would evolve in numerous instances, in the ordinary course into regular savings accounts.

On completion of the whole matter, it is conceivable that a tactful branch manager, with the help of a zealous wide-awake staff, might add 150 or 200 new savings accounts; and that many of the new customers would continue to build up their savings balances regularly and rapidly. When one considers that the same process might be in use in many different sections of the country, it becomes clear that their patriotic efforts on behalf of the loan flotation may ultimately enable the bankers to greatly extend the scope of their savings departments. It is undoubtedly

U. S. EXPORTS TO ALLIES IN SEPTEMBER DECLINE

Shipments from the United States to the Allies during the month of September showed a slight decrease compared with the total value of shipments during the corresponding month of the previous year, and also in comparison with the figure for August of the current year. This fact was brought out in the report of the Bureau of Foreign and Domestic Commerce, recently published. The total value of shipments to France, Italy, Russia, the United Kingdom, Canada and Australia and New Zealand, during the month of September was \$341,749,000, compared with \$375,461,000 for August, and \$406,424,000 for the month of September, 1916. A gain was noted, however, in the total for the first nine months of the current year, the figures being \$3,534,922,000, compared with \$3,069,221,000 for the corresponding period of the previous year.

In the matter of trade with the Northern European neutrals whose territory is adjacent to Germany, several important changes were noted. Denmark and the Netherlands were the only countries to which goods of greater value were shipped. During August Denmark received consignments from the United States valued at \$983,000. This figure increased to \$1,313,234 during September. The Netherlands rose from \$5,641,000 to \$7,029,276. The detailed report showing the character of the consignments is not available as yet, so that the gains cannot be treated in an exhaustive manner.

Norway and Sweden were hard hit by the export embargo, each receiving considerably less shipments from the United States. From \$2,480,000 in August, Norway dropped during September to a level of \$1,805,279. The loss sustained by Sweden was the most startling, showing a drop from \$1,064,000 in August to \$103,591 in September. The effect of the embargo is clearly shown in the September results.

Shipments from the United States to Russia increased during the month of September, compared with the figures for the preceding month. September showed a gain over August in the matter of shipments to Russia in Europe of approximately \$5,000,000. Russia in Asia gained about \$2,000,000 during the same period. The rumor that has been prevalent in trade circles to the effect that the United States Government would stop shipments to Russia until such time as conditions in that country should become more settled received definite denial from Washington on Thursday last, in a statement saying that

true that at practically every one of their branch offices the banks will have to face the withdrawal of very substantial balances which they perhaps have held for some years. Even though the money goes into the war loans, it is depressing to lose these steady or permanent balances. However, as mentioned above, compensation may perhaps be found through acquisition of many new deposit accounts of workmen and others.

It is well to remember that the great credit banks of France derive much of their power from their close connections with hundreds of thousands of small investors in all parts of the country. These banks direct the investments of their small clients into safe channels and also accept custody of the securities. They have provided the means of placing French Government bonds in vast amounts. The Canadian banks have now made a commencement at performing similar service, and it is to be hoped that they will continue to develop in this direction. During the war and perhaps for some years afterwards there will apparently be need for placing successive issues of Dominion bonds with the Canadian people. No matter how much we would prefer to place our bonds abroad and thus bring new capital into the country, present indications are that we shall be able to borrow only very limited amounts outside, and that the home investors must continue to be the Government's main reliance. This may not be injurious or disadvantageous for us in the end. If through the practice of strict economy our people take up a goodly proportion of the bonds with savings or fresh accumulations of capital, it will certainly enable Canada's representatives to participate in the after-the-war financial adjustments in a more self-reliant and independent manner. Great Britain and the United States are taking extraordinary interest in the progress of this war loan flotation of ours; and the indications are that the total of subscriptions rolled up will impress both of them most favorably. It will give them a vivid illustration of the solidity of our financial and economic structure and of the extent of our cash resources. This will count heavily in our favor; when on the return of normal conditions, we are again in the foreign markets seeking for new capital.

SHIPBUILDING IN JAPAN.

During the first half of the present fiscal year, namely, from April 1 to September 30, thirty-five merchant vessels, aggregating 154,727 tons, were launched from ship-building yards in Japan. Of these, three vessels, representing 13,977 tons, were launched in April, five vessels of 17,200 tons in May, eight vessels representing 34,911 tons in June, seven vessels representing 33,573 tons in July, three vessels representing 9,950 tons in August, and nine vessels representing 45,116 tons in September. Up to the present eleven vessels aggregating 43,281 tons received grants-in-aid to the extent of 961,218 yen under the Shipbuilding Encouragement law now in force.

According to investigations made in official quarters, the vessels of over 3,000 tons which are now under construction in Japan and which it is expected will be completed within this year total 332,654 tons. Of this tonnage 177,504 represent vessels either already sold or to be sold to Britain, France and Italy, and 87,191 tons of those which will also be eventually sold to the Allies, though no decision has yet been made. The remaining 67,959 tons will remain under the Japanese flag, and even these vessels are intended exclusively for service between America and Russia and between British territories. To be more exact, the vessels to be finished this year are to be disposed of as follows:

	Tonnage.
Sold to Britain	148,605
Sold to France	23,229
Sold to Italy	5,600
For service between Japan, America, Russia and British territories	51,259
For service between British territories	16,700
Not fixed	87,191
Total	332,654

How this disposal of the shipping to be built in this country this year has been arrived at, and whether it is connected with Japan's offer of tonnage for the Allied service, nothing is stated.—Eastern Commerce.

cargoes are even now moving from the U.S., and that stories to the contrary were without foundation in fact. Experts who were looking for a curtailment in the trade with Russia because of the revolution against Kerensky, are now more hopeful regarding the outcome of trade in this direction.