

# CANADA MUST BE SAVED FROM CRUSHING LOAD OF DEBT

War's Cost to the Dominion May Be \$50 Per Capita—Utmost Thrift Necessary to Avert Economic Tragedy

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Only a small and select proportion of us can engage in the honorable and splendid task of saving the Empire and Civilization by fighting in the trenches. But the task of saving Canada, in a slightly less spectacular and heroic, but just as important way, is pressing upon every Canadian of us all, man, woman, boy and girl; and for some reason or other we do not seem to have even begun to realize it.

Canada needs to be saved, not from the Teutonic enemy—for although there is an undeniable possibility that he may yet succeed in inflicting some measure of destruction upon us, we all hope that that danger is practically negligible—but from the burden of a crushing load of debt, an impossible and overwhelming annual charge for interest.

The government of Canada has already, in less than a year of war, expended well over one hundred million dollars upon military operations, the money having been advanced by the British exchequer. The future liability which it has incurred as a result of these operations, in the shape of pension charges, hospital maintenance, and so forth, is difficult to estimate, but must represent a present capital value of from ten to twenty millions more. The war is apparently nowhere near its termination, and may very well run on for the full three years predicted by Lord Kitchener. The effort made by Canada will go on increasing with every month that the war lasts, and while the whole of the expenditures already incurred will continue to the bitter end, other and perhaps greater expenditures will be added from time to time. Altogether it is hardly conceivable that the Dominion of Canada can emerge from the conflict without having spent at least three hundred million dollars, and more probably four or five hundred million dollars, upon war alone. It must be borne in mind that the cost of equipment of troops is being continuously increased as we learn more of the enemy which we have to fight—a fact of which the immense provision of machine guns now being made for the Canadian contingents is a striking example. To the government expenditures must be added the huge sums which are being raised by various public authorities and private benevolence for the support of the families of those who are fighting abroad or guaranteeing communications at home; the vast expenditure of the Red Cross; the contributions for the relief of war victims in Europe; and may other expenditures wholly non-productive and wholly attributable to the war. Altogether it would seem that a total war expenditure of three hundred and twenty million dollars, or forty dollars for every man, woman and child in the Dominion, is an absurdly low estimate, and four hundred millions, or fifty dollars per head, a safe and reasonable one.

But this is not the only loss which we shall suffer as a result of the war. Most of the money for this expenditure is, of course, borrowed, and practically all borrowed from abroad. The Canadian nation is necessarily a debtor nation, having had no time to accumulate wealth of its own, or even to reduce to salable form any large portion of the natural wealth which it possesses in such profusion. The question of the rate of interest on money is therefore of the highest importance to us. Now, as a result first of all of the expectation of this war (widely entertained among financial magnates) and later of its actual occurrence and its devastating extent, the rate of interest on money has risen with gigantic strides. The Dominion government, accustomed for many years to paying well below 4 per cent., is now borrowing at 5 per cent., and slightly higher, with the option to the lenders to call in their funds at the end of one or two years if they do not consider the 5 per cent rate high enough. Other Canadian borrowers, of whom there are always have been and always will be plenty, will have to raise their rates proportionately, and it looks as if a 6 per cent. rate may become the normal thing for cities even of large size and long-standing stability. This does not mean that we have to pay more for the money already borrowed; but loans of past years are continually falling due and must either be repaid out of our own money or reborrowed at the new rate so that the sum of money which Canadians annually have to pay to outsiders for the use of capital will steadily rise until it is 30 or 40 per cent. greater even upon the old loans,

without considering what we must pay on the newly-added borrowings.

Canadians have gazed at this situation complacently up to now, partly because they did not understand its magnitude, partly because they reflected that whatever we might be bearing in the way of war burdens, Great Britain and the European nations were bearing a great deal more and therefore we must remain comparatively well-to-do. Such complacency is ill-timed. Great Britain is an enormously wealthy nation—the greatest creditor nation of the world, receiving each year untold sums of money simply as interest upon the funds which her people have sent to the four quarters of the globe. Canada, as we have seen, is in the exact opposite position. And even Great Britain is beginning to become alarmed over her economic prospects, as all idea of an 'indemnity' from conquered Germany fades away with the prolongation of the war. And there is a special reason, apart from our debtor position, why Canada should take heed where she stands. Canada lives as a nation among nations, by the business of selling certain products, chief among which are the products of the farm and the cattle-range. In that business her chief competitors are the United States and certain South American republics. One of the inevitable effects of this war is to improve the wealth and economic position of the neutral nations as compared with the impoverished belligerents. Our competitors, therefore, are continually improving their status, while ours is going the other way. The United States, from being a debtor nation a few years ago, is now on the high road to becoming a creditor one, and just in time to profit by the change in the interest rate by which we must lose. The South American states are certainly reducing their indebtedness and enlarging their productive plant. Their burden of taxation will be lightened while ours is increased. All this enhances their ability to compete with us, not merely as sellers on the international market, but as bidders for new capital and new population.

Taken by themselves, these various adverse conditions may perhaps sound rather alarming. They need not be alarming at all, if they are faced and understood and we govern ourselves accordingly. But if we go ahead, as too many of us are doing, acting in just the same extravagant and reckless way as we did when new capital was pouring into our country and making everybody rich, then we shall certainly run both our country and ourselves into a very bad position. There is the more reason for preaching this Cassandra doctrine (as many people will assuredly term it), because there is very visible at the moment a sort of fictitious prosperity, due to the immense activity on war munitions throughout Canada, the relief of surplus labor by enlistment, and the fact that we have not even begun to think about paying the bill for our war expenditures (any taxation expedients now in force being scarcely sufficient to keep up with our ordinary peace outgo).

All that is needed for Canada to emerge from this crucial period of world history with her economic position unimpaired is saving. Canadians used to be a very saving people; a few of them still are. But we have lived next door to the most extravagant people in the world, and have shared the rapid development which caused that extravagance, for so long that we have become almost worse than our neighbors. And we must stop. I do not mean that we must stop spending money that we are no longer getting; that is easy, and is already being done. One does not see groups of real estate agents having thirty-dollar suppers in the swell cafes, for instance, but there is no virtue in their absence. What we want is economy by people who are receiving money which they might spend. We want our people to work hard, and to make all that they can get, and then to have the courage and the foresight to put aside a very large proportion of what they get, and invest it. We want an immense increase in the savings, not of the rich, but of the moderately comfortable and the poor. We want the cutting out of all silly and wasteful luxuries. We want workmen to give up that deplorable habit, so common among a certain type, of working just long enough to accumulate a few dollars and pay the grocer and the rent, and

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### AN IMPRESSION OF THE MORGAN FIRM

Big Doorman With Huge Boots Guards Entrance While Detective Stands Easily at One Side—Bald Heads in the Majority

New York, Aug. 5.—On a corner which is the very heart of New York's financial district, is the magnificent building of J. P. Morgan and Co. Its white lime-stone exterior gives immediately an impression of solidity and confidence. The building is artistic without, in pleasing contrast to the neighbouring tall structures which poke their Nth storeys into the sky and remind one of the efforts of the families of the sons of Noah in the building is deceptive. It looks to be only two storeys in height; in reality it is three.

The interior is unusual. Not a pillar supports the ceiling. The construction is as impressive as it is novel. In the centre of the ceiling is a large dome of colored glass around which offices are arranged on the two upper storeys. Artificial lighting is not necessary during the day time. At night, when the electric lights are on, the indirect lighting system is so skillfully arranged that not a single light can be discovered.

#### The Big Doorman

But the principal interest is not in the building itself. There are people here who are a real study. As one walks up the three or four stone steps and passes in through the heavy doors with their glass panels, one encounters a huge but kindly doorman. Well over six feet tall he stands, and built in proportion. His duty is to intercept visitors and dispose of them as pleasantly as possible, unless they have real business to transact. While he rarely needs to use his pedal extremities for such a purpose, the doorman's feet look as if they were especially constructed for repelling intruders. To him you state your place of birth, citizenship, family history and other more or less irrelevant details of your life record. He looks you up or down and decides whether you are friend or foe. Having made up his mind on this point, he makes it up again on whether he will tell you that the person you want to see is out, in, busy, or disengaged. Should his decision be that the object of your visit is in, the doorman will use a telephone to find out.

#### Plenty of Detectives

Meanwhile you wait. Close to you stands an innocent-looking young man, conservatively dressed and wearing a Panama hat. He is not disposed to conversation. He looks to be only a 'waiter,' like yourself. In reality he is a private detective. The place is full of them. The moment you enter the door you are under the eye of the watchful. Unless you are known and your identity established, you cannot hope to pass the portals of that building, either entering or departing.

Mr. J. P. Morgan is very democratic, more so than his late father and much more so than the sphinx-like detective or the big doorman.

There are other interesting individuals in the offices of this big financial house. Besides the doorman and the detectives, and Mr. J. P. Morgan and his confidential man, there are certain lesser dignitaries of greater or lesser dignity—mostly greater. But—well, remarks about individuals must be avoided. It is an interesting and charming building, with many interesting and charming men, a large proportion of them with bald heads, as becometh a financial man.

### A QUESTION OF EFFICIENCY

The question of drink or abstinence from drink is essentially one of efficiency, physical, mental, and moral. When people really begin to realize that the use of alcoholic beverages invariably and under all circumstances limits efficiency and makes them less fit for the daily task, whatever it may be, they will undoubtedly turn from it. The navy going to his work in the street, the miner going to the bowels of the earth, the mason, the carpenter, the engine driver, the tram conductor, and the professional man whether he is a doctor, lawyer, or clergyman, one and all reduce in

measurable degree their efficiency for their particular duties by indulging in strong drink. Vitality is diminished, physical endurance is limited, and alertness of the mind, the powers of concentration and memory, are all weakened by imbibing the alcohol poison just in proportion to the quantity taken. . . . How long are we going to allow this state of affairs to persist? The insignificant measurers that have already been taken against the use of intoxicants have miserably failed and there is only one possible solution, and that is total prohibition, of intoxicants, at least for the period of the war. The problem is far more urgent and vital than the man in the street recognizes, and therefore we say again that the time has come for the Government to take a bold stand and to call for total prohibition. We have no doubt as to the answer to such a call, for we believe the people of this nation are ready and willing to make any reasonable sacrifice in order to better second and support the hundreds of thousands of heroic men at the front who are daily risking their lives for King and country. We believe the country is ready for the sacrifices and that it only waits a strong and courageous lead on the part of the Government—Good Health.

### U.S. NAVY SEEKS ANTIDOTE FOR THE SUBMARINE

Secretary Daniels and His Advisers Working on Program For Next Congress

Washington Aug 7.—The submarine's power as the supreme factor in modern sea warfare is fully recognized in the naval program which Secretary Daniels and his advisers are preparing for the next Congress. Navy engineers are deeply engaged with experiments looking to the discovery of some practical defence against submarine attack. While nothing has been revealed of their experiments, it is assumed that questions of greater subdivision of hulls and stronger bulkheads of armour to extend about the midship sections of battleships below the waterline and capable of resisting the blow of a modern torpedo, and also the location of submarines at a considerable distance and their pursuit by swift, light, easily handled craft, such as destroyers, are being considered.

#### Defence Is Inadequate

The latter defence is the only practical one which seems to have met with any success abroad, yet officers here point out that the destroyer defence does not meet the problem in anything like an adequate way. Location and destruction of submarines by aeroplanes also is considered impractical.

Similarly, submarine against submarine is not considered a possible development of undersea warfare unless some new and startling device to give submarine commanders the power of underwater vision is discovered.

The result of the development of the submarine, with widening range of action, mounting disappearing guns for surface action, and with increasing numbers of torpedo tubes—as shown by reports from Europe—has been to create a school of navy officers here who are said to be urging the abandonment of dreadnaught building in favor of a huge submarine fleet. Other officers declare the backbone of a navy must always be in first-line battleships and are urging larger and more heavily armed dreadnaughts than ever.

#### Mission of the Navy

Officers who advocate the submarine navy say it is thoroughly practicable for the United States, because the mission of the American navy is to defend the United States from invasion, not to prepare the way for an American invasion of any enemy country. That, they declare has always been the theory of the Navy Department, and accounts for the fact that no great efforts have been made for swift battle-cruisers.

With fleets of submarines stationed along both coasts and with navy yards equipped to care for them, those officers argue that even the battleships could be spared from the defense line and that no enemy would dare approach a coast well mined and defended with land guns as well as submarines.

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