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RAISING THE WIND

Complaint is made that even at this present time in Great Britain the meaning of the immense financial burdens which are being assumed by the State is scarcely comprehended. If that is so in Great Britain, it can scarcely be a matter of surprise if a good many Canadians yet apparently fail to appreciate the serious character of the obligations which are being shouldered by the Dominion. In both cases, although to a lesser extent in Canada than in Great Britain, the serious side of the war's financing is disguised by an artificial "prosperity." The British working-man, who is earning wages 50, 75 or a 100 per cent. larger than any he had ever dreamed of prior to the war, can hardly be expected to appreciate the fact that the war is a tremendous financial calamity, and in Canada, where the effect of the war has been to set going at full speed great numbers of industrial plants, which would otherwise have been very slack and perhaps idle, it is quite natural that the bulk of our people should lose sight of the other side of the shield, the fact that the Dominion's debt is increasing with almost unprecedented rapidity as a result of unproductive expenditures. True, in both cases additional taxation has been imposed, but this has not been sufficient to offset the financial "benefits"—certainly in the case of Canada very real, even if temporary benefits—accruing from the war.

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At the present time, considerable attention is being devoted in Great Britain to the task of mobilising the artisan's funds in the interests of financial support of the war. The efforts made to interest the small investor in the last great War Loan were admittedly a failure, the relatively small sum of about ten million dollars only having been subscribed in small amounts. The failure is ascribed to dislike of investments whose valuation fluctuates. The British artisan classes, it is said, want to be certain of getting twenty shillings back when they invest a pound sterling and to that end, they will even forego a higher rate of interest that they could quite legitimately and safely obtain. In order to meet this preference, the British Government has this week removed the restrictions on the amount of deposits in all Post Offices and other savings banks. Hitherto, in the case of the Post Office savings banks, the net amount which could be deposited in any one year was £50 and the total amount that could be accumulated, £200. As the rate of interest paid is only 2½ per cent., a large increase in deposits as a result of this scheme would give the British Government very cheap funds, although at the disadvantage of being compelled to repay funds, practically on demand. At the same time five-year 5 per cent. Exchequer bonds in denominations as low as £5, are being placed on sale at the post offices. Whether these innovations will succeed in attracting the workmen's funds remains to be seen.

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Of the various unofficial proposals which have been put forward in this connection, that of Mr. Drummond Fraser, a Manchester banker, has attracted wide attention. In brief, Mr. Fraser's idea is to follow the example of the industrial life companies, by the employment of canvassers, a shilling a week being collected from each person willing to subscribe, and a pass-book provided. When £1 has been accumulated, a new war-bond pass book (not bond) would be issued. The rate of interest proposed to be paid is 5 per cent. and the funds would be at the disposal of the Government until one year after peace is declared, when they could either be withdrawn in cash or transferred to some government security. Suitable provision is made in the scheme for enforced withdrawals. Another scheme suggested is for the Government continuously to accept deposits of any amount with 5 per cent. interest, to be repayable either six months after the declaration of peace or at the close of a stated period, and to be withdrawable in the meantime only on 6 months' notice or on the sacrifice of six months' interest.

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These suggestions are well worth bearing in mind in Canada, because it is likely enough that some scheme to supplement the issue of domestic war loans on the ordinary lines will be needed in the Dominion before we are through with our share of the financing of the war. The Dominion at the present time is expending on war fully $13 millions a month, and the proposed doubling in size of our overseas army means at least the doubling of that monthly expenditure. Under those circumstances, we doubt very much if the burden of war expenditure will be sufficiently met by new loans issued in the ordinary way—no matter how well they may be supported by our people. Very largely, of necessity these loans merely mean the *transfer* of existing funds; they do not lead—or only to a very small extent, to *new savings*. Yet economy which will produce new savings is the crying need of the Dominion at the present time. It is apparent that while considerable progress has been made towards economy during the last eighteen months, there are still large expenditures going on, among all classes, which in these days are entirely indefensible.