

she needed. We then turned to the United States, but the United States at that time was not at war, and it would have been an unfriendly act had the United States lent to Canada money to be expended in arms and ammunition to fight a nation with whom the United States was not then at war. While, however, the letter of the law could not be broken, there was a way in which the spirit of the law might be evaded. We were able to borrow from the United States on the understanding that the money thus secured would not be spent for war purposes. We, of course, used that money for purposes of peaceful development, but we were enabled to that extent to set free other moneys for purposes of war. We borrowed \$45,000,000 in New York and paid it back within two years, and then, by the Public Service Loan of 1916, we borrowed \$75,000,000 more. It was not long before the United States decided that they could lend us no more money. They too went into the war and we, shut off from Great Britain and from America, found it necessary to fall back upon our own resources. Canada appealed in confidence to her own people, and she did not appeal in vain. Then began that wonderful career of Canadian domestic borrowing, a performance we have every reason to be proud of.

Our first Canadian loan was floated in November of 1915. We called for \$50,000,000 and were very timorous as to whether that sum would be raised; that was shown by the fact that we got the banks to underwrite it. But when the subscriptions came to be opened we found they totalled \$100,000,000, eighty millions of which came from the Canadian people and only twenty millions from the banks.

Eleven months later it was necessary to float another loan, and it was again to the Canadian people we turned in October of 1916. The second Canadian war loan called for \$100,000,000 and you all remember that \$201,000,000 was subscribed.

Seven months went by and again we appealed to our people to help us finance the war, and in March of 1917 the third Canadian war loan of \$150,000,000 was issued and \$265,000,000 was subscribed by our people; nothing whatever was taken or asked from the banks. When certain conversions had been made it was found as a result of that loan that 70 per cent of that \$265,000,000 was new money which the Canadian people had loaned to us for carrying on the war.

Needless to say, the Finance Minister and the Government were encouraged at

[Sir H. Ames.]

the splendid manner in which the Canadian people on three successive occasions, had responded to the appeal that had been made to them to put their savings in the hands of the Government for war purposes. Then the fourth, the great Victory Loan, was launched. We have heard this afternoon from the Acting Minister of Finance of the preparations that were made, of how widespread and extensive and intelligent they were, of how it became possible to bring the necessities of the Government and the advantages of the loan under the notice of practically every man, woman and child in Canada. Nominally the loan was for \$150,000,000; that was the sum that was asked of the Canadian people. It was known, however, and generally admitted that the Government would take whatever sum was subscribed; there was no limit to the amount they were prepared to receive. The Victory Loan brought in \$398,000,000 of new money besides about \$150,000,000 of conversions which, of course, do not count as new money.

Let me recapitulate for a moment the history of those loans because I think when we see them in their magnitude and in their completeness we shall realize that they give us cause for congratulation and ground for hope. We put confidence in our own people, and that confidence we found to be well placed. Of our entire outstanding securities, \$75,000,000 of the war debt is in the hands of Canadians, or 85 per cent of the whole. Just think what that will mean after the war. We may have hard times and it may be difficult for the Government to finance in years to come after the war is over, but our war debt is not held by a stranger nation that can take us by the throat and make us pay whether we will or not. Our war loans will be held by our own Canadian people with whom we can treat and from whom we can always be sure of sympathetic consideration.

Now I want to call the attention of the House to a remarkable feature of these loans—a feature which I think gives us the greatest of hope for the future, and that is the ever-widening distribution among the people of Canada of our securities. To the first loan one person out of every three hundred of our population subscribed; that is, about one-fortieth of the families of Canada may be said to have bought a bond. To the second loan one person in two hundred and thirty of our population subscribed, and to the third loan one in one hundred and ninety. To the last loan one