

# Attracting Subscriptions to the New War Loan

*Small Investors may be Attracted Through the Co-operation of Employers.*

By H. M. P. ECKARDT.

In view of the near approach of the new domestic war loan and of the desirability of utilizing all practicable means for ensuring its success, it will perhaps be worth while to recount or mention a few of the methods which might be applied to that end. In the first place every responsible citizen of the Dominion should recognize it as his duty to contribute according to his means and ability towards the success of the loan. The ordinary individual should not allow himself or herself to become possessed of the idea that it is for the Finance Minister, the banks, the bond houses, or wealthy corporations to see the loan through to a happy termination—that responsibility should be accepted by all alike, and corporations and individuals, rich and poor should feel the necessity or duty of putting forth efforts. The best results, all round, are obtained when these efforts take the form of cutting out unnecessary expenditures so as to have more funds available for purchasing war loan bonds. In case of the rich or well-to-do these curtailments of outgo would most likely be in evidence in regard to trips, etc., undertaken surely for pleasure, purchase of new automobiles, or very expensive items of furniture, jewelry and the like, and in regard to elaborately expensive entertainments or social functions. By self denial of this kind a well-to-do family might divert an additional \$1,000, \$2,000 or more into war loan bonds—thus benefitting themselves, the Dominion and the great cause of the Entente Allies.

## Small Savings.

In the case of people with smaller means, the savings would be measured perhaps in hundreds of dollars instead of thousands, but if the economies were generally or universally practised the cumulative effect might be even greater than in case of the savings of the wealthy. It would be within the power of employers in many instances to induce their employees to subscribe for suitable amounts of the loan and to meet their payments largely through cutting down useless or unnecessary expenses. A considerable number of the young men in offices have been accustomed to live right up to income. When the salary is raised the recipient may promptly increase his expenditure by a like amount—the extra amount being expended month by month in pleasure-seeking and on luxuries or non-essentials. By faithfully following out this process a man may attain to a fairly large salary without having accumulated any capital and unless change occurs in the habits there is no prospect of saving anything in the future. Surely the war loan ought to appeal to men of this class as an occasion for inaugurating a campaign of economy. If certain circumstances have prevented their joining the colors, or if they have not as yet felt it their duty to join, the least they can do is to deny themselves a few pleasures for the sake of lending money to their country and contributing something to the various patriotic funds.

## Employers' Loans.

Where the circumstances are such as to permit it, employers can help the war loan along through a judicious system of loans to employees desirous of taking up the bonds. Of course, there is a theory that as the payments on the loan are spread over several months, there should not be any need for a salaried man to borrow—he should regulate his subscription so that his savings during the intervals between instalments would take care of each succeeding payment. There would not be much justification for loans of this nature to employees if the payments for the loan were spread over a period of a year; but in case of the last loan the interval between the announcement of the loan and the date set for the final payment was five months. Now an employee who accurately estimates that he can save \$25 per month could accumulate \$125 in five months; and if he does not borrow he is practically limited to a subscription of \$100; whereas, if he can arrange a suitable credit he could subscribe for \$300—three times as much—and at the end of the year he will own his war bond free of debt. Moreover the existence of the loan or debt during the whole year operates to force a conscientious man to continue his economies and probably gets him in the habit

of saving, which development opens the way to his becoming a capitalist eventually.

As it would not suit the needs of the Government to have the loan proceeds come in too slowly, it is not perhaps to be expected that the instalments of the new loan will be spread over a period of more than five or six months; so the matter of providing suitable machinery for loans enabling subscribers to meet the various payments may well be discussed. With reference to the banks, insurance companies and several other classes of corporations, their circumstances are such as to enable them without inconvenience to provide loan facilities to employees. The banks have been generous to their staffs in the matter of making loans to enable employees to take full advantage of the opportunities connected with the educational courses recently inaugurated by Queen's University and the Shaw Correspondence School under the auspices of the Bankers' Association; and the same machinery would doubtless suffice for loans on war bonds.

## Bank Loans With the Bonds as Security.

It would militate in favor of the new loan if definite arrangements were made with the banks to make loans not only to their employees but to other subscribers large and small, on the security of the bonds. Large subscribers would probably have recourse to bank loans for the purpose of meeting their payments—the banks always stand ready to accommodate customers in good credit. But many people not accustomed to borrowing at banks are not aware that loans running a reasonable time on Dominion war bonds are esteemed good and desirable business. For this reason it might be well for the Finance Minister to make definite arrangements with the banks as to the percentage that would be loaned and rate of interest charged on loans secured by war bonds, and then announce the arrangement in the prospectus. According to the press reports the German Government, in floating its successive loans, has made a strong point of the availability of the war bonds as collateral for loans; and the British Government in case of its first war loan had an arrangement with the Bank of England whereby that insti-

tution stood ready to lend on the bonds at a fixed rate. The Germans are understood to have carried this feature of their loans to a dangerous extreme—they are said to have pyramided their credits to an outrageous extent; but there does not seem to be any good reason why we should not have recourse, within reasonable and well regulated proportions, to this method of inducing large subscriptions. So far as the banks are concerned, it would perhaps involve them in the trouble of making numerous petty loans, some of which would be inclined to drag along without material reductions, but no doubt the bankers would be willing to undertake the extra work and trouble for the sake of doing another public service. Their loans so secured would be quite safe, and if proper emphasis is laid on the necessity of paying off the individual loans through curtailment of unnecessary expenses, there should not be any serious or prolonged lock-up of bank funds.

## Foreign Investments.

It is to be noted that the recent revival of speculative activity in Wall Street is calculated to help our new war loan in several ways. The rise will enable a number of Canadian holders of American stocks to liquidate; and presumably a considerable part of the proceeds of sales will go into the war bonds. And if the improvement in value continues further, additional holdings of Americans can be liquidated without loss. There is reason to believe that a considerable amount of American stock owned by Canadians, has been awaiting sale—the holders being willing to let them off as soon as a respectable bulge in prices occurred. It is much to be preferred that these foreign investments owned by our people be converted into Dominion bonds in this way without legislative compulsion. Various objections have been urged against a recent Ottawa proposal of forcing sales of these holdings by means of special taxation. To be effective such taxation would have to be very oppressive; and an oppressive tax bearing principally on American stocks and bonds would have a tendency to introduce an element of discord into our financial relations with the United States. The growing financial intimacy with that country has been and is of incalculable benefit to the Dominion. If we took such action as that proposed, it is within the possibilities that the American politicians would be moved to retaliate in some way; and it is not in our interest that this question should come up at all. Then, comparatively speaking, our holdings of outside securities are not large; and probably the benefit derived through forcing liquidation in this way would not compensate for the injury and confusion caused. As mentioned above, the desired results may be obtained in large measure, through Wall Street rise.

# Organization of War Charities

*Legislation Introduced Into British Parliament for This Purpose Should Place This Great Work on Good Basis*

(By W. E. DOWDING, London, England.)

The War Charities Bill is introduced into Parliament during the week in which we celebrate the end of two years of war. During those two years the total of the war funds raised or administered in the United Kingdom has reached the superb total of £45,000,000 sterling. This figure does not include the funds raised and retained in the British Empire Overseas, but it does include large sums sent from all parts of the empire to the headquarters of the various funds administered in the United Kingdom. Few people thought so much would be given, and it is a credit to all concerned that it has not been found necessary for the Government to step in until the very end of the second year.

## The Purpose of the Bill.

The War Charities Bill, shortly to become law, does not indicate a state of things of which anybody need be ashamed. Legislation is not demanded in order to check a large amount of fraud. It is aimed rather more at preventing the continual addition of organizations for purposes that are already met by existing organizations. It is quite true there have been some instances of criminally fraudulent money-raising for supposed war charities, and it is also true that there have been some instances of almost criminal mismanagement of money given by a generous public. But it would be utterly wrong to imagine that legislation has become necessary because of the prevalence of fraud and mismanage-

ment on a large scale. Indeed, one of the popular journals that has led the agitation for legislation has admitted only this week that "the evil to be remedied has not originated since the outbreak of the war." Another powerful journal that has a world-wide reputation for the brilliant exposure of evil charity mongering makes a similar admission. The real truth is that most people interested in this subject desire some kind of check on public charities at all times and of all kinds, and it is openly hoped that the present Bill may be followed when war is over by legislation for the permanent control of all charities.

## Provisions of the Legislation.

The new legislation does not go very deep. It provides for the registration of all funds raised for charitable purposes in connection with the war. Organizations operating without registration render themselves liable to prosecution, but no prosecution can be undertaken except through the Director of Public Prosecutions. There are certain conditions required to qualify for registration, such as the control of each organization by a really executive committee, the keeping of a distinct banking account into which all moneys received should be paid, and the periodical audit of accounts together with the opening of all books to the scrutiny of the properly appointed authorities.

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