

## HOW EUROPE RAISED ITS LOANS

### British and German Issues Since the Beginning of the War

When it floated its initial war loan of \$1,750,000,000 in November, 1914, one of the first steps that Great Britain took was to prohibit the placing on the English market of new ordinary investment securities save by the express consent of the British government. Similar steps were taken in Paris and Berlin, says the New York Evening Post.

Subscriptions to the first loan were payable in instalments over five months. The Bank of England lent at 1 per cent. below the bank rate prevailing at the time of application on the loan without additional security. The bank was prepared to make advances to holders, and "holders of allotments which are partly paid may apply for advances to enable them to pay all or part of the further sums payable in respect thereof." Repayment of advances would "not be demanded by the bank before March 1, 1918."

#### Second Loan Produced \$3,000,000,000.

In the second British war loan in July, 1915, an offer of an unspecified amount of 4½ per cent. stock and bonds at par produced about \$2,070,000,000. Provision was made for bonds as low as \$25 or \$125 to be issued through the post office. Even five-shilling vouchers (equivalent to about \$1.25) were arranged for.

For the last war loan, stocks and bonds of the second loan, as previously stipulated, were accepted for subscription at par plus accrued interest as the equivalent of cash. The old consols, and practically all other government issues then outstanding, were accepted as cash at substantially the current market prices. This also enabled the bank to dispose of its holdings of the first war loan.

To the first war loans the banks subscribed liberally on their own account. But to the last they were asked to subscribe only for individuals.

#### Have You Invested?

An official exchequer advertisement asked: "Have you invested in the war loan? The last day is Friday, the 16th, and Germany is watching us. If you have not already invested every shilling you can scrape together, do so now. Has it occurred to you that you can help to end the war by borrowing on your life policies, or by obtaining a loan from your bank or by converting your treasury bills into war loan? The bank will accept the war loan it buys for you as security for what it lends to you. If you have £5 or any amount up to £50 to lend go to the nearest money-order post office."

"Men and women," read one advertisement, "sit down and think. How much cash can you put into the war loan now, and how much can you save during the next twelve months: (a) on clothes; (b) on amusements; (c) on travelling; (d) in food—to lend money to the nation? Wear old clothes, old boots, old dresses; then ask your banker or your employer to make you an advance against those future savings to help you to purchase war loan."

#### Pennies and Pounds.

Newspaper advertisements and placards called for the holding of meetings to explain details; counted the days before subscriptions closed. Giant scales and thermometers showed the rise of subscriptions. "Your countrymen are giving their lives," reminded one poster; "you are only asked to lend your money."

The smallest crannies were not overlooked. The cancellation marks on letters advertised the war loan. People clubbed together to buy a bond; by means of registered stock they split it up, so that it was possible to buy as little as a penny's worth.

On the last day the advertisements warned: "Your money cannot be neutral. Have you helped your country by investing in the war loan, or have you helped Germany by keeping your money in your pocket? The war loan closes to-night!" The Lord Mayor of London spoke on the loan in Trafalgar Square; tens of thousands attended; huge signs covered the adjoining buildings: "Do your share to-day! Don't leave it to others! Go to your bank before to-night!"

Speaking in the Reichstag in August, 1915, Dr. Helfferich, secretary of the German treasury, said: "We expect an even greater rush of subscribers than last time, but we think we can do without the sensational advertisements England

used for the last loan and uses for recruiting. To employ the method of the circus for the serious business of war is offensive to German taste; nor do we need, like England, to ask subscribers to do their country a 'mercy,' a favor. 'The German does not give alms to his country; he does his duty.'"

In the official notices of the fourth loan it was stated: "In making a subscription it is not necessary that the subscriber should have ready money. Whoever has an account in a deposit or savings bank will have the subscription managed for him without difficulty. If he owns securities, the imperial loan banks (Darlehenskassen) will open the way for him to obtain the necessary credit through a loan. For this the charge will be 5¼ per cent., instead of 5½, as formerly. No uneasiness need be felt about the loan being called at an inconvenient time."

#### Needed Every Mark.

For the fifth German war loan, opened on September 4, 1916, closed October 5, and advertised as "the last war loan," appeals were printed everywhere: "The new war loan stands under the sign of Hindenburg. Let every man make its success worthy of him." British critics charge that hints were given out that, if the German government did not get its money by voluntary loans, it would find other methods.

The following official appeal for subscriptions appeared in every newspaper: "Every mark subscribed works for victory! Those who do not subscribe as much as in their power weaken our military strength, and thereby increase the confidence and strength of our foes. Every mark held back strengthens the enemy!" Official photographic reproductions were printed of a letter from Hindenburg making an appeal for subscriptions. As an additional inducement for subscribers, it was suggested that the option of paying the war-profits tax in war loan stock be extended to other dues and taxes.

### VANCOUVER COMPANY'S WAR BONDS

Since the beginning of the year, the Pacific Coast Fire Insurance Company, of Vancouver, has taken \$60,000 of Canadian war loan bonds. This is in addition to \$30,000 of the first Canadian war loan purchased by the company.

### PACIFIC GREAT EASTERN RAILWAY

Action against the Pacific Great Eastern Railway Company, the firm of Messrs. Foley, Welch and Stewart, the directors of the railway companies and subsidiary concerns and against the contractor, Mr. P. Welch, has been commenced by the British Columbia government.

As against Messrs. Foley, Welch and Stewart the province seeks judgment to compel them to carry out their personal covenant to build the railway line and telegraph line, repayment to the province of moneys paid by the province on account of the railway company, etc.

Against Messrs. Foley, Welch and Stewart, and also Messrs. Tate, White and Wilson is asked an order cancelling the \$24,960,000 share capital of the Pacific Great Eastern Railway Company, and a declaration that each of the defendants were directly interested in contracts, and, therefore, disqualified to sit as directors.

Further, a declaration is sought that, as between the railway company and the development company, all acts, contracts, etc., be declared null and void, as the railway company had no lawful directors to make them, that they were not authorized by the railway company's charter, and that all property passing from the railway company to the development company be ordered restored to the former and the notes given in payment be cancelled.

The province also seeks a judgment that \$12,500,000 of the share capital of the railway company is the property of the Crown in right of the province as security under the Loan Act, 1916.

The Census and Statistics Office, Ottawa, have received from the Saskatchewan department of agriculture a summary of reports received by long distance telephone which show that 95 per cent. of the wheat seeding is finished and that about 20 per cent. of oats and flax have been sown. The reports also state that growth is very rapid, and that conditions are ideal for germination.