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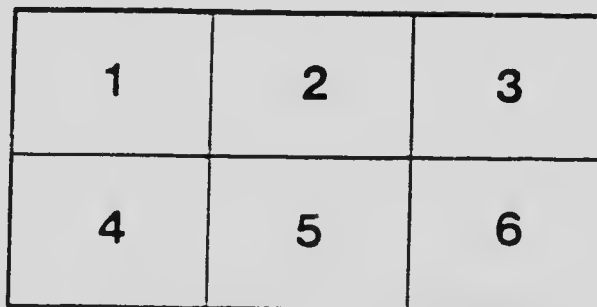
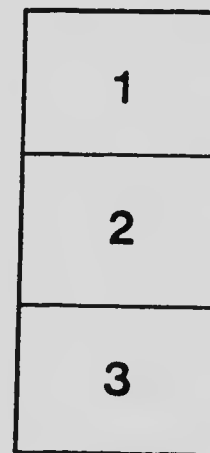
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Some Remarks Regarding the
Forthcoming
VICTORY LOAN

By A. E. AMES

(Before the Insurance Institute of Toronto)

1917



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**SOME REMARKS REGARDING THE FORTHCOM-
ING VICTORY LOAN BY A. E. AMES,
BEFORE THE INSURANCE INSTI-
TUTE OF TORONTO**

I greatly appreciate your having given me the opportunity to talk to you about the impending Dominion War Loan. You are such important representatives of such influential bodies, embracing, as your organization does, the Life and Fire Insurance and Accident Companies throughout Canada, that, whereas I should be very shy if you had asked me to speak to you in any personal capacity, I feel bold enough to talk to you upon the question which is before us for perhaps as long as you will care to hear. In doing so, if you find in my remarks anything new and interesting, please be sufficiently grateful for that to enable you to put up with being given a great deal that is not new, but which naturally associates with anything like a full presentation of the case.

At the outset it is, perhaps, worth reminding you that Dominion Government borrowing since the commencement of the war has comprised the following:—

IN UNITED STATES

- \$ 45,000,000 5% One Year and Two Year Gold Notes, sold in New York in the middle of 1915, of which \$25,000,000 were due August 1st, 1916, and \$20,000,000 August 1st, 1917. Both of these amounts have, of course, matured and have been paid.
- \$ 75,000,000 5% Loan of 1916, due \$25,000,000 cash each in April, 1921, 1926, and 1931.
- \$100,000,000 5% Two Year Gold Notes, issued two or three months ago and due August 1st, 1919.

IN CANADA

- \$100,000,000** First War Loan, of which the amount authorized was \$50,000,000, and allotted \$100,000,000, due December 1st, 1925.
- \$100,000,000** Second War Loan, due October 1st, 1931, issued in September, 1916.
- \$150,000,000** Third War Loan, issued in March, 1917, and due March 1st, 1937.

In all three Loans in Canada the issues were considerably oversubscribed.

For the first War Loan there were 24,862 subscribers.
For the second 34,526 subscribers.
and for the third..... 40,800 subscribers.

Two points naturally arise as to the present Loan—first, why it is needed, and, second, why the plan for raising it now under way was adopted.

Regarding the first point, it may be stated, briefly, that the reason that a very large sum of money is needed in Canada is that we must do our share in carrying on the war and financing our own commerce, and that there is no other country under the sun but Canada to which we may at present look for our requirements. Great Britain, as you know, has borrowed tremendous sums from her own people for financing. She has had not only her own enormous expense for maintenance of the Army and Navy, but has had to make enormous loans to her Allies. In addition to what she has borrowed from her own people, the exigencies of war have been such that she has had to borrow on a huge scale in the United States—that country having agreed to loan Great Britain and its overseas allies a total of \$3,000,000,000, under stipulation that the money must be spent in the United States. To make this loan and to provide for her own heavy expenditures on her Army and Navy (including, of course, munitions and supplies), the United States is testing her own financial resources to the straining point; though, fortunately for civilization, the United States had become so rich during the last few years that her pockets are well filled. But although Canada has borrowed from the Americans, as before indicated, that borrowing market is shut to us entirely for an indefinite period. Canada, therefore, cannot, if she would still wish to, hold longer

to the financial coat tails of any other nation, and must instead do her own financing. If we were not in a position to do this the future would look very black to us. In the midst of the gloom which the war has cast about us there is, however, one most satisfactory condition, viz.: that Canada is richer not only in her standing because of the vital help which her soldiers have rendered in the fighting, but is richer in material possessions. Her experience in this regard has falsified all prophecies made before the war. At that period it would have been incredible and it was undreamed of that, after three years of war, deposits in the banks would be \$450,000,000 more than before the war commenced, that during that time Canadians would have absorbed \$300,000,000 of Dominion Government securities, and that, despite the Government having borrowed such enormous sums of money, the wealth of the country would become so much greater that Canadians, as a whole, would have a bigger surplus over their debts than ever before.

It is seen, therefore, that we need to get the money in Canada because we have nowhere else to get it, and that it is needed for our expenditures in connection with the war and for giving credits to Great Britain for the buying of our grain and dairy products and other food stuffs. The question of exchange is more or less complicated, and it may be sufficient if it is mentioned only that there is no question but that Great Britain cannot continue to buy from Canada practically except as we arrange that she buy from us on credit; that is to say, Canada as a whole must furnish the money if Great Britain is to continue buying from our farmers and manufacturers.

As you know, business in Canada prior to the opening of the war was very dull, and we should have had a serious business depression following upon the stunning influence of war if there had not been placed in Canada a volume of war orders running into many millions.

It is stated that the volume of war orders placed in Canada by Great Britain and the Allies, of which, of course, the bulk has been by Great Britain, was over one billion dollars up to the end of last year, and will exceed one billion, five hundred million dollars by the end of this year. It will be readily understood that

the scale of expenditure by Great Britain and the Allies is greater than ever, and, so far as Canada's commercial interest in that phase is concerned, we have only ourselves to look to to ensure that the great business activity that has prevailed during the last two years throughout Canada shall not be brought to a sudden halt, thereby dislocating all industries and creating at once a condition of stagnation and distress. This is not a fanciful word picture. It is a fact. The necessity of procuring a very large sum of money indeed for the Dominion Government should, therefore, be apparent to every class of the community—the farmer, to whom outside world prices for his crop would be of no interest if money were not available to finance the purchase of it; he would be in the same position in that regard as the Russian farmer with plenty of wheat but with no means of access to the world's markets, and as the Argentina farmer whose price for grain is so very much lower than that on the Northern Atlantic, because of the scarcity of ships and the prohibitive freight charge for any produce with a long carry. The necessity for raising a great loan should be clear, also, to the manufacturer and every other class in Canada, because of the reasons previously stated or inferred. Heretofore producers have not had to consider world finance in marketing. The thing has been done for them. Whether it was done in normal times by magic or otherwise did not occur to them. In this period of crisis, however, the problem of how our produce and manufactures can be financed should become the personal concern of every one of us.

The Finance Minister has had from time to time to borrow, temporarily, from the Canadian Banks many millions of dollars. These advances he has, so far, been able to repay from time to time through proceeds of Loans and through revenues. The Finance Department now owes a very large sum to the banks, and it is necessary that the Loan provide, not simply sufficient to pay for costs of the war and for credits for Great Britain for purchasing our produce and munitions, but, also, to pay off the Canadian banks. The Finance Department must keep itself sound with the Canadian banks, so that it can rightly ask and require from them temporary advances in very large amounts, to be again recouped them out of revenues and Loans. While, there-

fore, it is essential that the objective of \$150,000,000, which will, perhaps, be indicated in the official prospectus, should be raised, it is also most important that, while the Dominion-wide organization which is looking after the Loan is in being, the utmost effort should be made to supply the Government with a full \$300,000,000.

We now come to the point of the character of the organization for the coming Loan. In connection with the three former Dominion Loans made in Canada the competitive method was in use, and there was a scramble on the part of all bond sellers to procure subscriptions through their individual firms. Of course, the feature of competition in business is valuable and should apply in all businesses, except such natural monopolies as public utilities; but I suppose that practically all of us would admit, though we might dislike to be considered socialists, that if there were any feasible way, consistently with our poor human nature, to provide for an equal distribution and maintenance of wealth and business generally, that would be the basis which might result in the greatest amount of comfort and happiness for the people as a whole. As yet, at all events, we are not so highly civilized as to be able to employ such methods in all of our affairs, but it has appeared quite clearly that this co-operative principle is one for which the magnitude of the task before us and the circumstances associated with it alike are peculiarly fitted. In this connection it is, perhaps, safe to say that everyone actively associated with the organization has come to feel, even if all did not at first, that the principle of co-operation in this regard entirely outweighs and overrides that of competition.

I am sure this will involve relief, especially to officers of your companies, and to all others who are in the class of obvious investors. While, therefore, during this campaign there must be a considerable distribution of unproductive literature, yet this will be spread over a very wide surface and well known investors will not be subjected to the receipt of, say 26 different prospectuses and canvassing by 26 different people.

Touching now upon the character of the organization, you are all, perhaps, more or less familiar with at least some phases of it. It may be useful to give a general outline of the organization—

The Minister of Finance, after most careful survey of the whole situation, reached the conclusion that general organization work and co-operation throughout the Provinces should be in the hands of a Dominion Executive Committee, composed of working people used to the distribution of securities, and having, in their experience, a good start toward solution of such problems as would have to be dealt with prior to and during the progress of the campaign. The Dominion Executive is composed of a group which, for convenience of operation, are men resident in the cities of Toronto and Montreal, with the exception of Sir Augustus Nanton, resident in Winnipeg, and who is a most valuable member of the Committee. The Dominion Executive meets daily, and is in constant touch in a consultory, advisory and helpful capacity with all other Committees.

To co-operate with this Dominion Executive and to do everything in their power to help towards the success of the campaign, there have been appointed co-operative Committees for the Dominion and for the Provinces by the Bankers' Association, the Life Assurance Companies' Association and the Mortgage Loan Association, in the membership of which latter are included Trust, Life and Loan Companies. The Fire Underwriters, as you know, have no Dominion-wide organization, but the Ontario and Quebec Associations appointed, some little time ago, Committees to co-operate in those Provinces and other Fire Underwriters Committees have been or are being formed in other Provinces to give their support.

Other Committees of Dominion-wide scope are as follows:—

THE DOMINION SPECIAL SUBSCRIPTIONS COMMITTEE, under the Chairmanship of Mr. E. R. Wood, with whom are associated a number of partners and expert salesmen in bond and stock exchange houses, and a few others specially qualified for the task. This task relates to the larger buyers of bonds, in so far as they are known, and the hope is that members of this Committee may be able to procure from the list of investors of \$25,000 and over the fullest possible purchase of bonds. Upon these subscriptions, which, roughly, and without sufficient data for making an estimate, the guess is that they may amount to one-half the total

subscription, there will be no commission paid by the Finance Department. The work of this committee is, therefore, of great importance, and is being undertaken with such discretion, energy and knowledge that its success is confidently predicted.

THE DOMINION FINANCE COMMITTEE, under the Chairmanship of Mr. J. H. Gundy, who is also Vice-Chairman of the Dominion Executive, has charge of the apportioning and disbursing of funds amongst the various Provinces necessary for organization and incidental expenses.

THE DOMINION PUBLICITY COMMITTEE, of which Mr. R. A. Stephenson, of Montreal, is Chairman, has charge of the preparation and distribution of advertising matter and prospectuses throughout the Dominion. The advertising matter will consist of newspaper advertising, posters, and a number of other devices which it would be a pity to mention to you now, because of taking away from you the freshness of them as they first come out. It may, perhaps, whet your appetite to know—particularly the appetites of those fortunate enough to have young children as an excuse for attending the shows, that there will be a scenario relating to the Loan for the moving picture houses.

THE DOMINION BUSINESS COMMITTEE, under the Chairmanship of Mr. W. S. Hodgins, has charge of the preparation of forms and records and other matters which are being relegated to them from time to time, this committee constituting a valuable factor in the organization.

It should be mentioned at this stage that the CANADIAN PRESS ASSOCIATION have offered their services to the Finance Minister and are prepared to do invaluable service through their reading columns during the campaign. It is hoped that any sacrifice there may be in connection with this service will be minimized by the growing news value of the incidents relating to the Loan, through the inspiration arising from the knowledge that thousands of people in the cities, towns and villages will be working actively, intensely and continuously for the success of the Loan. Mr. J. H. Woods, of Calgary, President of the Press Association, is personally, with Mr. Imrie, the Manager, in

charge of this work, Mr. Woods having moved to Toronto for the purpose, to stay until the close of the campaign.

In an organization, which to be effective must be complete, the question of comparison of importance of various factors does not arise. Too great importance, however, cannot be attached to the work of the Provincial Organization Committees. In every Province there is a separate Provincial Organization, through which the whole Province is being organized down to the last detail. The Chairmen for these Provincial Organization Committees have been selected with great care and are considered most suitable for the tasks they have, in co-operation with the other members of their Committees. These Chairmen are:

Mr. William Farrell, Vancouver, for British Columbia;

In Alberta, Hon. C. R. Mitchell, Provincial Treasurer, Honorary Chairman, and Mr. William Toole, Calgary, Chairman for Southern Alberta, and Mr. James Ramsey, Edmonton, Chairman for Northern Alberta;

Sir Augustus Nanton, Winnipeg, for Manitoba;

Mr. G. H. Wood, Toronto, for Ontario;

Mr. J. M. Mackie, Montreal, who is also vice-chairman for the Dominion Executive, for Quebec, with Mr. J. W. McConnell, Chairman for the Island of Montreal, and Messrs. A. P. Frigon and E. A. Macnutt for the rest of the Province;

Mr. C. H. B. Longworth, Charlottetown, for Prince Edward Island;

Hon. Senator W. H. Thorne, St. John, for New Brunswick, and

Mr. Geo. S. Campbell, Halifax, for Nova Scotia.

All of these Provincial Committees have their own sub-committees, such as Special Subscriptions, Publicity and Business Committees, whose activities are connected with work throughout the Province, and in greater or less degree in co-operation with the Dominion Committees of the same character. Each Province is divided into a number of districts, and at the head of each of these districts is the strongest man qualified for the position that could be obtained. There will be

a Special Committee in charge of the cities and of each of the Counties, the idea being to canvass as completely as possible people living in every part of Canada, including those on the farms and those in the factories.

Objectives are being arranged through consultation with the Provincial Committees for every Province in the Dominion. It is hoped to arrive quickly at objectives which will satisfy every Province, not only as to its own amount but, also, as to the objectives for all the other Provinces, having, regard, so far as possible, not only to what has been procured for previous Loans, but also to current conditions in the Provinces, as varied from what they were relatively in previous years.

The relation between the Dominion Executive and other Dominion Committees and the Provincial Organization Committees is one which naturally requires a large stock of patience and consideration. The situation is necessarily somewhat delicate. The attitude of the Dominion Executive Committee which they have tried to make apparent to the officers of the Provincial Committees is that of a clearing house of information and method. Obviously, it has been necessary for the Finance Minister to institute a general basis of campaign throughout the Dominion, but, equally obviously, there is considerable room for elasticity. The last thing, therefore, which any Dominion Committee would wish to do is to interfere with the prerogatives and the initiative of the Provincial Committees. We feel that our relation to the campaign is service to the whole situation, through conference with the Finance Minister as to various features regarding the Loan and the campaign, upon the one hand, and through being of any assistance we can to the Provincial Committees. It will be readily understood that, this being the first time that anything of the magnitude of this organization has been got together in Canada in short order, there is a multiplicity of questions requiring solution, even though broad principles of policy have already been established and recognized. All the Committees, however, are in the throes of organization and getting themselves fit for an intense campaign. Everybody is, so to speak, "on his toes" with concentrated energy looking to do his best. It is a situation, therefore, where no one having a naturally short disposition can afford to humour it until the close of the books, and

where everyone must bring into play all the active and latent sweetness of disposition of which he is possessed. We count upon this, are sure that it will not detract from forcefulness, and are getting evidence of it such as, possibly, might not have been expected from such a large body of keen, active men of independent habits of thought. The whole campaign is based upon the sinking of individuality and complete co-operation to achieve the one vital object.

Sir Thomas White, Minister of Finance, has thrown himself into the campaign with great energy and helpfulness. His experience, his initiative, his speeches and availability for conference will be great factors in the Loan's success.

I should have mentioned before that in connection with a number of Provinces and cities, there will be influential Honorary Committees, which will be of considerable use through the influence of their names and help in various directions.

There will grow up with the floating of the Loan a great deal of healthy rivalry. Provinces which have been given an objective which their committees feel may not fully gauge their relative importance to other Provinces will, no doubt, furnish some surprises in their total purchases of bonds. There will be rivalries amongst cities and towns in the same class within each Province, and with cities and towns of the same class in other Provinces. For instance, Toronto and Montreal have already developed a friendly feud, and I hope there will be plenty of fuel to keep the feud alive until the books close. Hamilton and Ottawa should keep their eyes upon each other; Calgary and Edmonton are furnished with a fair battle ground to fight out the question of supremacy; Saskatoon will want Regina to take notice of its success; Victoria will no doubt wish to test whether it may not furnish a greater response per head than Vancouver, while Halifax and St. John, and Sherbrooke and Three Rivers will have an admirable chance to pay off old scores.

It is felt that the character of the bonds and the dependence of Canada for its prosperity upon the investments of her own people will cause a cumulative and,

finally, a tremendous demand for the issue, and whereas, as mentioned at the first part of these remarks, there were just over 40,000 purchasers of the last Canadian Domestic Loan for \$150,000,000, it is hoped there will be over 200,000 buyers of bonds on this occasion. It will take a larger number of subscribers than that to bring Canada into line with the proportion of subscribers to their Government Loans in the United States and in Great Britain. This fact will be pressed home to the people of Canada during the Campaign, and we do not think that Canadians, who are quite able to approximate the record of these two countries, will care to be found to be less enlightened.

When this new Loan was first mooted the idea was received somewhat coldly by practically everyone. It was felt that the previous Loans had pretty well taken up the investing powers of the big institutions and individuals, who would not be able to subscribe as liberally again. The next stage was that it was felt that the big subscriptions must be replaced by finding a great many new buyers. Still later, however, as the task was confronted, the vital importance of it realized and the great amount of money really available in Canada recognized, it was felt that, not only should a very great number of new smaller subscriptions be secured, but that the number of middle sized subscriptions should be enlarged and, also, that the volume of big subscriptions should be repeated. It is greatly to be desired that the pressure from the organization which has been brought into being will combine with a growing realization of the necessities and privileges of the situation to secure a success of which Canada will be proud and which will encourage Great Britain and our Allies and somewhat discourage the common enemy.

A feature that will be brought home to Canadians during the campaign is that, whereas during the last few years it has been the feeling amongst investors that their investments should be varied and only a certain proportion be held in Government Bonds, the percentage which Dominion Government Bonds hold to their total investments will need to be considerably increased, just because circumstances are such as to require it.

In conclusion, it may be said that this is everybody's campaign. Offers to aid have come from every direction. One of the Provincial Chairmen has written that he has yet to learn of anyone who will shirk any help that is asked of him. The Boy Scouts have proffered their services, which will no doubt be used, and while there has to be a general plan for such a campaign, and there are some directions of individual or institutional effort which would be impracticable through conflicting with the necessities of the organization, yet there are a thousand ways in which the general scheme may be assisted, and it will be the endeavor of those who have anything to do with the direction of the campaign to employ to the utmost all useful effort.

There remains only to express my hearty thanks for the opportunity to talk to you upon this subject and for your kindly attention. The officers of the institution with which you are connected have already assured the Dominion Executive of their heartiest co-operation, and I am sure that such co-operation will be a valuable factor in the Loan's success.

