THE FINAL VICTORY LOAN

Editorial in The Globe, Toronto, Sept. 16, 1919

Preparations for the launching of the final Victory Loan have been begun. From this time forward until the end of the campaign public interest in the financial condition of the Dominion will increase steadily. There is need for a discussion not only of the fundamentals of National Finance, but for the diffusion of information all over the country as to the purposes for which this specific loan is required. The war is over. The appeal to the win-the-war spirit—so effective in the floating of former loans—cannot be made upon this occasion. Instead, there must be an appeal to the common sense of the people and to their desire to do all that is possible to bring about the restoration of normal conditions in the Dominion.

The first thing that must be impressed upon the public mind is the fact that a large part of the money called for is required to wipe out the indebtedness of the Government to Canadian banks that have advanced great sums—almost a quarter of a billion dollars—to enable the Government to grant credits for the purchase of goods for export to Allied countries that are unable to pay cash for all the Canadian provisions and other products they require. The loan is needed also to meet the heavy expenditures attending the demobilization of the Canadian overseas army. Gratuities and back pay run into enormous sums. The credits to Great Britain to enable her to continue buying Canadian products have been very large. Greece, Roumania, and Belgium have been supplied with foodstuffs, clothing, and implements through a a loan of seventy-five million dollars made by the Canadian Government to the Governments of these countries. Sir Henry Drayton says that further credits will have to be made to finance the export of our natural products. The loans will be repaid in time, and such portions of them as are not promptly liquidated by the importation of British and continental European goods into Canada will remain to the credit of the Canadian people as an investment of capital on which interest will be drawn.

It is good to have considerable investments abroad instead of remaining—as Canada was before the war—almost exclusively a debtor nation. In pre-war days, for example, the British people had almost three billion dollars invested in Canada. They owned huge blocks of national, Provincial, and municipal securities. They held the bulk of the bonds and stock of our railways. They had much money in Western lands and in Eastern manufacturing enterprises. Large blocks of bank capital were British. It required the export of about a hundred and fifty million dollars' worth of Canadian products yearly to pay even the interest on this great investment. That fact indicates why Canadian exports to Great Britain were greater than Canada's imports from Great Britain. They had to be about a hundred and fifty million greater if we were not to keep going more deeply into debt year by year through the reinvestment of British money in Canada.

During the war the British people sold or put in pledge large amounts of Canadian securities—not less probably than half a billion dollars' worth—and Canadians have been buying these securities by means of a large surplus of exports. It is anticipated that after all the war accounts are balanced Canada will have reduced her debt to British capital by at least half a billion dollars, and that hereafter she will have to export twenty-five million dollars' worth less of her products than in pre-war years to pay her annual interest bill to Great Britain.

But it may be argued that the Canadian people as a whole will not benefit because some of them owe less to some of the British people than they did before the war. This is a mistaken view. It is true that there has been a vast increase of Canada's internal debt because of the war. For a period of years too long to estimate with any degree of certainty all the people of Canada as taxpayers will have to pay about $120,000,000 a year as interest on the war debt to the much smaller number of Canadians who hold war bonds. But when we get down to concrete cases instead of dealing in the mass the debt burden of two billions does not look so hopelessly large. The interest amounts to about $15 per year per head. Every shop girl or domestic or workingman who has been able to buy three hundred dollars' worth of Victory bonds—and their numbers run up into hundreds of thousands—will get annually in interest from the Government a little more than enough to pay his or her share of the taxation due to war debt. In other words, their savings cancel their share of the debt.

Had the country tried to finance its war expenditure by foreign instead of internal loans—supposing that to have been possible—the condition of Canada would have been vastly more serious to-day. Our debt to external creditors would have been over four and a half billion dollars, and to pay the interest at the current rate would have involved the export of about two hundred and thirty million dollars' worth of Canadian products yearly without any corresponding imports. The effect upon the manufacturers and merchants of Canada of such a drain would have been almost ruinous, for the people of the Dominion would have their buying capacity very seriously reduced by the export of their products to pay interest on the external debt. It is therefore of great importance that the Canadian people as a whole should owe some of the Canadian people the bulk of the money spent in prosecuting the war. The interest is spent in the country, and benefits in the spending all classes of the community—the debtor as well as the creditor.

If the argument here presented is a sound one, then it follows that to the very limit of our capacity we should continue to buy Victory Bonds. The new issue will have to yield at least four hundred million dollars to enable the National Treasury to discharge its obligations during the current financial year. Victory Bonds are an excellent investment, but they are more than that. They are a sign that Canadians have faith in their country, in its vast resources, in the stability of its Government, in the will and the power of the people to build up and maintain a civilization which will stand the greatest stress that can be brought to bear upon the foundations whereon the Dominion has been reared.

HIGH COST OF LIVING BRINGS HOBOES UP AGAINST A HARD WINTER

(New York Sun)

With rump steak hovering around 33 cents retail with potatoes and onions commanding better than a quarter for six pounds and—worse still—with the beatific goddess of the kitchen transformed by the high cost of living into a rabid watchdog of the pantry, the convention of the American Hoboes League soon to take place here, will doubtless pass on to its Committee on Commissary and Subsistence the vexing problems which thousands of knights of the road will face during their traditional winter pilgrimage to the warmer climes of the sunny South.

No other art has suffered greater deterioration through price manipulation than that of kitchen panhandling, and a wail is now going up from a thousand "jungles" all over the quiet land. Even the price of coap, which is occasionally used, though not encouraged promises to make the American hobo look like a mud bedraggled soldier after a long vigil in a cootie ridden trench.

This year's convention in a sense will be memoriable inasmuch as the war has revolutionized the craft of hoboing and many novel and startling suggestions as to how to live and travel without work will be presented by scores of delegates hailing from every section of the country. "Jungle" philosophy likewise has undergone a great change and the high cost of living has only served to rub a sore laid open when the hand of industry during the war reached into box cars down into the trucks "underneath," combed the "blind baggage" and pawed over the roofs of sleepers and day coaches of ten thousand trains.

Did Not Crush His Spirit

War's brutal order to work seared and burned, it is true, but it did not crush the spirit of the hobo cult nor deprive the hobo of his wits. The coming convention will be a parade of wits, in fact, largely devoted to the question of "How to get by with prices so high."

Many a sigh will go up from a thousand bosoms when the old order of things is mentioned. Five years ago every hamlet, town and city in America had a "jungle" or conventional rendezvous for hoboes where they could cook their own "mulligans," "boil up" and shoot dice to see whether they would hop a train for north, south, east or west and where they could evade the surveillance of the "bulls."

But today things are different. Five years ago it was tolerably easy to approach the kitchen door, if the dog was tied up and the backyard showed no traces of a wood pile, deliver a reminiscent tale of home and mother to the kindly housewife and come away with beefsteak, pie and cake. tI was easy five years ago to "mootch" the ordinary bucolic sojourner for the price of meat, potatoes and onions with which to "stew up" a "mulligan"

In the Good Old Days

And five years ago it was possible for certain of the hobo gentry to talk the average restaurant keeper out of a meal and sidestep the dishpan. But nowadays it appears to the American hobo that there are but three words in the lexicon of the average citizen—"work" and "beat it."

Hobos are purchasing no norishment in job lots these days. The approved plan is to band together, each "Bo" taking a certain territory to canvass, turn the "collections" into a general fund and buy a calf or a pig on the hoof, lead the animal to the "jungles" and there prepare the "mulligan."

Down at the South as Col. Watterson would say, the hoboes this year will find practically every hand turned against them, every kitchen door closed tight, for the high cost of living is holding hilarious carnival in those parts and the demand for labor is greater than ever.

Facing this situation the coming convention will take on added significance, as it must point the way to easy going throughout the approaching winter, and the weather sages who ride the rods hold that this winter is going to be fierce.

OFFICIAL PROSPECTUS

"The Bridge from War to Peace" —The Prince of Wales.

THE MINISTER OF FINANCE OF THE DOMINION OF CANADA offers for Public Subscription the

Victory Loan 1919

300,000,000. 5½% Gold Bonds

Bearing interest from November 1st, 1919, and offered in two maturities, the choice of which is optional with the subscriber as follows:

5 year Bonds due November 1st, 1924
15 year Bonds due November 1st, 1934

Principal payable without charge at the Office of the Minister of Finance and Receiver General at Ottawa, or at the Office of the Assistant Receiver General at Halifax, St. John, Charlottetown, Montreal, Toronto, Winnipeg, Regina, Calgary and Victoria.

Bonds may be registered as to principal or as to principal and interest, as hereinafter provided, at any of the above-mentioned offices.

Interest payable, without charge, half-yearly, May 1st and November 1st, at any branch in Canada of any Chartered Bank.

Principal and Interest payable in Gold
Denominations: $50, $100, $500 and $1,000

Issue Price: 100 and Accrued Interest,

Income Return 5½% per Annum

The proceeds of the Loan will be used to pay indebtedness incurred, and to meet expenditures to be made in connection with demobilization (including the authorized war service gratuity to our soldiers, land settlement loans, and other purposes connected with their re-establishment into civil life), for capital outlay upon shipbuilding, and other national undertakings forming part of Canada's industrial reconstruction programme, and for the establishment of any necessary credits for the purchase of grain, foodstuffs, timber and other products, and will be spent wholly in Canada.

Payment to be made as follows:

10% on application; 20% January 9th, 1920;
20% December 9th, 1919; 20% February 10th, 1920;
31.21% March 9th, 1920.

The last payment of 31.21% covers 30% balance of principal and 1.21% representing accrued interest at 5½% from November 1st to due dates of the respective instalments.

A full half-year's interest will be paid on May 1st, 1920, making the cost of the bonds 100 and interest.

Subscriptions may be paid in full at the time of application at 100 without interest, or on any instalment due date thereafter together with accrued interest at the rate of 5½% per annum.

This Loan is authorized under Act of the Parliament of Canada, and both principal and interest are a charge upon the Consolidated Revenue Fund.

The amount of this issue is $300,000,000, exclusive of the amount (if any) paid for by the surrender of bonds of previous issues. The Minister of Finance, however, reserves the right to allot the whole or any part of the amount subscribed in excess of $300,000,000.

Payments

All cheques, drafts, etc., covering instalments are to be made payable to the Credit of the Minister of Finance. Failure to pay any instalment when due will render previous payments liable to forfeiture, and the allotment to cancellation. Subscriptions other than those paid in full on application must be accompanied by a deposit of 10% of the amount subscribed. Official Canvassers will forward subscriptions or any branch in Canada of any Chartered Bank will accept subscriptions and issue receipts.

Subscriptions may be paid in full at time of application at 100 without interest, or on any instalment due date thereafter, together with accrued interest to time of making payment in full. Under this provision, payment of subscriptions may be made as follows:

If paid in full on or before November 15th, 1919, par without interest or 100%.
If remaining instalments paid on Dec. 9th, 1919, balance of 90% and interest ($90.52 per $100).
If remaining instalments paid on Jan. 9th, 1920, balance of 70% and interest ($70.84 per $100).
If remaining instalments paid on Feb. 10th, 1920, balance of 50% and interest ($51.03 per $100).
If remaining instalment paid on Mar. 9th, 1920, balance of 30% and interest ($31.21 per $100).
Payment of instalments or payment in full after November 15th, 1919, can be made only on an instalment due date.

Denomination and Registration

Bearer bonds, with coupons, will be issued in denominations of $50, $100, $500, and $1,000, and may be registered as to principal. The first coupon attached to these bonds will be due on May 1st, 1920.

Fully registered bonds, the interest on which is paid direct to the owner by Government cheque, will be issued in denominations of $500, $1,000, $5,000, $10,000, $25,000, $50,000, $100,000, or any multiple of $100,000.

Payment of Interest

A full half-year's interest at the rate of 5½% per annum will be paid May 1st, 1920.

Form of Bond and Delivery

Subscribers must indicate on their applications the form of bond and the denominations required, and the securities so indicated will be delivered by the bank upon payment of subscriptions in full.

Bearer bonds of this issue will be available for delivery at the time of application to subscribers desirous of making payment in full. Bonds registered as to principal only, or fully registered as to principal and interest, will be delivered to subscribers making payment in full, as soon as the required registration can be made.

Payment of all instalments must be made at the bank originally named by the subscriber.

Non-negotiable receipts will be furnished to all subscribers who desire to pay by instalments. These receipts will be exchangeable at subscriber's bank for bonds on any instalment date when subscription is paid in full. All receipts must be exchanged before 1st June, 1920.

Form of Bonds Interchangeable

Subject to the payment of 25 cents for each new bond issued, holders of fully registered bonds without coupons, will have the right to convert into bonds with coupons, and holders of bonds with coupons will have the right to convert into fully registered bonds without coupons, at any time, on application to the Minister of Finance or any Assistant Receiver General.

Forms of application may be obtained from any Official Canvasser, from any Victory Loan Committee, or member thereof, or from any branch in Canada of any Chartered Bank.

Subscription List will close on or before November 15th, 1919

DEPARTMENT OF FINANCE,
OTTAWA, October 27th, 1919.

Keep Canada's Farms and Factories Busy

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