

Canada's War Burden
and How It May
Be Carried.



An Address by
Sir Herbert B. Ames
Chairman, National War
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The fighting is over but not the war, if by that term we mean the convulsion that has rocked the world these latter years. We are as one awakened from a horrible dream, feeling at first thought, gratification and relief that the nightmare is past. No, I would rather say that our case is similar to that of the patient who has, in hospital, undergone a severe surgical operation. We awake to consciousness—we find that we live again, but we soon discover that, while under ether, we suffered wounds that it will take long to heal and we bear scars that may never pass away.

Canada sent overseas 420,000 men; of these 60,000 will never return; they lie in Flanders' fields behind the lines they so bravely defended. We can only honour their memories, emulate their example, and care for those they loved. Sixty thousand more of our brave defenders are returning to us shattered in mind or body. For them, the Government—which represents us all—will endeavour to bridge the gap and make up for lost earning power. It is impossible to express in terms of measurement, the suffering, the sorrow, the woe of war.

Loss of life, of efficiency, of productive labour cannot be calculated. As a standard the dollar may be used for material things only.

Canada's War Burden

We can, however, attempt to arrive, in terms of money at some idea of what the war has cost Canada. Probably the expenditure for raising, arming, equipping, transporting and maintaining the Canadian Expeditionary Force and for other attendant services, will not fall far short of \$1,400,000,000. If to this be added the capitalized amount required to meet pension and disablement allowances, it represents an additional burden of five or six hundred million more. Our total war burden certainly will reach, and may exceed, two billion dollars. It represents one tenth of the developed national wealth of Canada, a mortgage of \$250.00 per head on every man, woman, and child in the Dominion.

Canada's pre-war debt amounted to about \$335,000,000. This represented the accumulated expenditure of fifty years, incurred for the most part on productive enterprises such as railways, canals, public buildings, and the like. Our expenditure during the war, however, produced no such assets. From it there will be little salvage. We are financially poorer—as a nation—by many millions than we were five years ago.

The Savings of Years Are Gone

What has happened? Enormous wealth has been destroyed. What is wealth? It is sometimes defined as "command over goods and services." A nation or individual that possesses wealth can procure goods or engage services to the extent of that possession. How is wealth produced? By the excess of production over consumption. Mr. Macawber's advice to David Copperfield is as sound to-day as it was when given; "income £20 outgo £19-19-6, result, happiness; income £20 outgo £20-0-6, result, misery."

This is true of the nation no less than of the individual. Wealth represents accumulated savings. When a shell explodes on the battlefield, nothing of value remains. The Government whose army fired the shell may have paid the maker. The manufacturer may have paid for his materials and labour, but if it be followed back far enough it will be found that the loss of that shell must be borne by someone. Everyone concerned, except the Government, is paid for the shell—all materials and labour were paid for but the Government gets no return. The war expenditure of Canada represents the savings of the past, of the present, and the borrowed savings of foreign lands. These savings have disappeared; they must be replaced.

A Serious Situation

If a Canadian Rip Van Winkle who had been absent from this planet, let us say, for

the past 10 years, and who is utterly ignorant of what has occurred, should return to us to-day and look for the first time on the figures which represent Canada's position as a debtor nation, he would be overwhelmed; he would declare that we are hopelessly bankrupt. And for the Canada for his previous acquaintance his declaration would be perfectly true, but Canada to-day is not as it was five years ago. Her people have learned many lessons in the hard school of war. Our burden has grown enormously but we have likewise developed mightily. The shoulders under the load are stronger than ever before. We have learned, among other lessons, what can be accomplished when a whole people accepts responsibility.

Consciously or unconsciously, we adopted and lived up to the admonition—"produce, save, and back up the State." It was because we did this that Canada has been able to come through the war without bankruptcy.

Why Confidence Is Unshaken

I wish I had time to describe our war financing; how we doubled our pre-war revenue and have wiped out one-sixth of the war cost during its continuance; how we converted an adverse trade balance—that is to say, an excess of consumption over production of articles not made in Canada—into a favourable trade balance exceeding in 3½ years a thousand million dollars; how when other sources failed

and our Government asked the Canadian people to lend their savings, we responded with an amount sufficient to cover the entire cost of our military operations.

Heavy though our war debt is, the conditions which attend it are most advantageous. 90% of the obligations will be held in Canada by our own people; one-seventh of our population are Canadian bond holders; payments are spread over 10, 15 and 20 years and can be met at maturity.

The War Savings Plan

It is because the Canadian Government desires to preserve and to exercise the spirit of sacrifice and service that has made these things possible, **that the War Savings plan has been introduced.** As now developed, this scheme has two special features;—it affords continuous opportunity for investment of savings in Canadian securities and, further, it provides for the reinvestment of earnings and their inclusion in the final repayment.

The War-Savings certificate is in itself valueless. Its denomination as a Government security is determined by affixing thereto a \$5 stamp; in this way the owner holds a bond of denomination anywhere from \$5 to \$50, according to the number of stamps attached. As a Government security this has all the safety of a Victory bond; the payments are easy, for the stamp costs to-day \$4.01 (February 1919) and the purchase price increases

at the rate of one cent per month. It is always at par and redeemable with fair interest at any time. It can be registered at any money order post office so that the owner is protected against loss. As a means for saving to secure a War-Savings Stamp, Thrift Stamps are issued of a denomination of 25c; 16 of these attached to a thrift card can be used in buying a War-Savings Stamp. The blank certificate and the thrift card are given free of charge and the stamps can be bought at any bank, money order post office, or railway ticket office, while many patriotic merchants also carry the thrift stamps and will give them to customers when making change. This simple method of encouraging saving, it is believed, be of immense value to Canadians, not only in supplying needed money to the State but also in creating the habit of thrift.

What The Money Is Needed For

We are often asked what the money is needed for. The popular impression is that, at the end of the war, national expenditure can cease. This, however, is not possible. The reconstruction period is almost as expensive and may be nearly as dangerous as that of the war. Nothing would injure Canada so much to-day as a period of non-employment. This would lead to misery and restlessness at home; it would injure Canada's reputation incalculable injury abroad. For these reasons the

Dominion, Provincial, and Municipal Governments are uniting to provide opportunities for employment. The Repatriation Committee has recently issued a statement of the plan these Governments will follow; it includes a program of public works, railway renovation and equipment, shipbuilding, housing and road-making. All of these are productive enterprises for the creation of which it is legitimate to borrow. Again, we are endeavouring to place our returned soldiers upon the land, that they may find comfortable homes and increase the agricultural output of Canada. It is hardly fair to ask them to take unimproved areas far from lines of communication and if we are to settle them within reach of the benefits of civilization, land must be bought or expropriated and this involves large expenditure.

For the purpose of enabling Canada to participate in the export trade to Great Britain and to the devastated areas in Europe the Government needs large sums of money. Large quantities of foodstuffs are required overseas. France, Belgium, and the Balkan States are desperately in need of many of the products of Canadian farms, factories, and forests. Unfortunately Great Britain and Europe cannot to-day pay cash for what they buy; although their credit is still good and within a few years will be re-established. Meanwhile, however, if Canada is to export her products she must lend the purchaser the money to buy them. It will be seen then that opportunities

for employment depend upon the ability of the Dominion to act as banker and this again depends upon the extent to which the people of Canada lend their savings to the State

Furthermore, the moneys loaned abroad will be repaid and no permanent increase in our national debt will follow therefrom.

Why Is This Method Employed

We are often asked why the Government resorts to the War-Savings Stamp method for raising funds. Why not another Victory loan? It may be necessary for the Finance Minister to ask for further large sums by way of a Canadian loan; this is to be avoided if possible for it will not be so easy to float loans as it was in war time. During hostilities the Government sought for money where money existed in largest quantities. We stripped the heavily-laden boughs but did not glean the scattered fruit. Many of the avenues then open are now closed. If you examine a list of subscribers to the last Victory Loan you will find that these fall into four classes:—

- 1st—the habitual investor.
- 2nd—the industrial corporation.
- 3rd—the munition maker.
- 4th—the patriotic individual saver.

The amounts that could be secured from the first three of these classes would be greatly reduced to-day. The habitual investor is now

free to buy bonds bearing from 6% to 7% and he is not saving up in anticipation of further Victory loans. The manufacturer requires his surplus to readjust his factory to peace conditions and to reach out for additional trade. The munition plants are closed and the munition-maker's profits no longer accrue. If, then, Canada is to borrow, the money must be lent by the individual patriotic saver.

Many A Mickle Makes A Muckle

But, you will say, the amount that can come from this source will be insufficient. Possibly, but whatever may thus be raised will help. It is astonishing what large sums are secured when participation is general. Our Government has authorized an issue of War-Savings stamps to the value of fifty million dollars this year; we hope that they will all be absorbed during 1919. This may seem a huge amount to be made up by the sale of \$5 War Savings Stamps but if saving and investment by this plan becomes universal throughout Canada, thrice fifty million can be easily raised. A drop of water falling on your hand is hardly noticed, but millions of drops of water falling over Niagara Falls create a massed power sufficient to operate the industries of a province. To buy one Thrift Stamp seems a small contribution towards the millions the Government requires, but if every Cana-

dian bought one Thrift Stamp once a week for a year it would yield twice the amount of the authorized issue.

Success of the Scheme Elsewhere

This is not an untried experiment. We have before us the experience of Great Britain and the United States. The war costs of England are in large measure being met by the sale of the "£1 for 15-6", certificates; seventeen million Britishers are war-savers, or one-third of the total population, and their aggregate contribution exceeds seventy-five million dollars a month.

In the United States where they offered a \$5 stamp for \$4.11 maturing 5 years from date, there are thirty-four million savers and their total purchases have exceeded a billion dollars in the last thirteen months. Notwithstanding the fact that hostilities have ceased, the War-savings Societies of Great Britain and the United States are still going strong and both countries intend to make this plan a permanent feature of their national finance.

In order to promote this scheme and secure its acceptance by the people of Canada, the Government last November appointed a National War Savings Committee. For purposes of organization, the Dominion has been divided into fourteen districts and each district is in charge of a Divisional Chairman. In

every part of Canada the idea is taking root and high hopes are entertained of ultimate success.

Help the Work of Reconstruction

On the boardings you may have noticed a reconstruction poster; it is by the same artist—Frank Nicolet—who conceived that wonderful Victory Bond picture of Flanders Field. This reconstruction poster represents a returned soldier standing on the edge of a fertile field; he has taken off his helmet, tunic, and belt; he has laid them with his rifle on the ground beside him; he stands erect, his head bare, his throat open, his sleeves rolled up and he is turning from the discarded accoutrements of war to seize the handles of a plough, while across the sky is seen the rainbow, the symbol—it is hoped—that the deluge of war will never again fall on earth. This poster represents the transition from war to peace. When you buy a War-Savings Stamp think of this—that you are helping on the work of repatriation and reconstruction. You are providing one more fair day's pay for a good day's work; you are helping your country through a troublous period; you are laying a firm foundation for Canada's future prosperity.

Ottawa, February, 1919.

Can You Lead Men and Women?

War-Savings Societies need leaders—organizers—men and women with initiative. Who will start a War-Savings Society? Who will lead the way?

War-Savings Societies Help Thousands to Save

War-Savings Societies have been, and are, a tremendous success in Great Britain. Thousands who never were able to save their money have accumulated Government certificates worth hundreds of Dollars.

In the United States, millions of people are members of War-Savings Societies, which are organized in factories, offices, stores, farming communities, sections of towns and villages, schools and clubs.

Everywhere throughout Canada, War-Savings Societies are in process of formation Everyone who can save an occasional quarter should belong to a society; first, for his or her own direct benefit; second, because Canada can use the money to excellent advantage, as in the case of the War Loans.

For details of the organizing of War-Savings Societies and particulars regarding War-Savings Stamps or Thrift Stamps, address:

**NATIONAL WAR-SAVINGS COMMITTEE,
OTTAWA.**

War Savings Stamps

are on sale at

Banks, Money Order Post Offices

Railway Ticket Offices

and

wherever you see this sign



