

Dominion Government was, indeed, able to secure an advance of £12,000,000 from the Imperial Government for the period September, 1914, to March, 1915, on the understanding that a Canadian war loan would be floated in Great Britain to repay this amount. It became evident, however, that Canada herself must in the main finance her efforts in the war.

The first Dominion domestic war loan was raised in November, 1915, under authority of chapter 23 of the Statutes of that year (5 Geo. V, c. 23). It originally consisted of \$50,000,000 5 p.c. tax-exempt 10 year gold bonds, issued at 97½ and maturing December 1, 1925. As the issue was heavily over-subscribed (public subscriptions by 24,862 subscribers \$78,729,500, bank subscriptions \$25,000,000) and the extra money was needed, the Government increased the amount of the loan to \$100,000,000. In July, 1915, \$25,000,000 of 1 year and \$20,000,000 of 2 year 5 p.c. notes had been floated in the United States, with the object of stabilizing exchange and of relieving the pressure on London.

In September, 1916, the second Canadian domestic war loan of \$100,000,000 5 p.c. tax exempt 15 year gold bonds was issued and again over-subscribed (public subscriptions by 34,526 subscribers \$151,444,800, bank subscriptions \$50,000,000). In March of that year, a loan of \$75,000,000 in 5, 10 and 15 year 5 p.c. bonds had been floated in New York.

The third Canadian Domestic war loan, composed of \$150,000,000 5 p.c. tax exempt 20 year gold bonds issued at 96, was issued in March, 1917, and was again over-subscribed, 40,800 public subscribers applying for \$200,768,000, while the banks subscribed \$60,000,000. In August, 1917, \$100,000,000 of 5 p.c. 2 year notes were issued in New York at 98.

Hitherto the process of raising money had been comparatively easy. The buoyancy of Canadian finance was illustrated by the increasing subscriptions to each successive loan, while the Government could, when needed, obtain additional funds in New York. In April, 1917, however, the United States entered the war. Its gigantic preparations drained enormous sums of money from the New York money market, and made it difficult for other countries to raise money there. Henceforth Canada had in the main to depend on her own people to supply the funds necessary for keeping her rapidly increasing forces in the field. Subsequent appeals for war loan subscriptions had to be made to the masses of the people rather than to the comparatively few wealthy or comfortably-off investors.

The fourth domestic war loan (First Victory Loan) issued in November, 1917, illustrates the foregoing remarks. For the first time subscriptions as low as \$50 were received toward an issue of \$150,000,000 5½ p.c. 5, 10 and 20 year gold bonds, the Minister of Finance reserving the right to allot the whole or any part of the amount subscribed in excess of \$150,000,000. The subscribers numbered 820,035 and the subscriptions totalled \$398,000,000, or about \$50 per head of the population of Canada.