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WAR FINANCING.

A statement made by the Minister of Finance in the House of Commons this week shows that Canada's war expenditure up to March 31st totalled $181,225,227, of which $134,650,640 was expended in the last fiscal year. As this total only represents payments which have passed through the books of the Finance Department up to the last day of the month, it is possible that the final figures will show some increase over those now given. Beyond these actual expenditures, also, it is generally understood that there are some outstanding obligations of the Dominion Government to the Imperial Government, in connection with the supply of equipment to Canadian troops, a settlement regarding which has been deferred until the conclusion of the war. Necessarily the war expenditures of the Dominion are upon an increasing scale. While the total for the new fiscal year is uncertain, Sir Thomas White in his Budget speech in February, apparently anticipated that almost the whole of a new appropriation of $250 millions is likely to be eaten up before March, 1917. There is the possibility that further appropriations will be subsequently required. In part, of course, these war expenditures will be met out of taxation. Something has been done in this direction in the fiscal year which closed last month. War expenditure and expenditure on capital account during that period totalled $168,800,152, while the increase in the net debt was $146,905,328 from $408,122,215 at March 31st, 1915, to $555,027,543 at March 31st, 1916. So that something like $22 millions towards war and capital expenditures was provided last year without increase of debt. What will be provided this year is, of course, uncertain. But the Minister of Finance hopes to be able from the Dominion's income during the current fiscal year to pay $160 millions of ordinary expenditure, including the greatly increased charges on the public debt which will amount to $37 millions or more than double what they were before the war, as well as capital expenditure on public works and to have "many millions" over to meet war expenditures. It is to be hoped in the interests of financial stability and the lessening of the *post-bellum* burden of debt, that the Minister's optimism will be justified.

It is apparent that the greatest strain of war financing upon us will come immediately after the conclusion of peace. We should not care to associate ourselves with the prognostications of unlimited prosperity after the war which are being made in some quarters, but it seems not unreasonable to anticipate in due course, considerable new immigration, development and production upon a large and increasing scale. But it will be some time before this increase in the population and national wealth makes itself felt, and meantime there will be an industrial crisis to go through with the burden of war debt shouldered by a comparatively small population. The solution of after the war difficulties in this connection seems to lie in economy and good management. "If we can keep down our expenditure," says Sir Thomas White, referring to this matter, "and if we can meet the interest upon our increasing public debt, so that our total annual expenditure is kept within our revenue, or fairly well within our revenue, we are going to be able to meet the burden of the war."

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As regards the present problem of meeting the great bulk of our war expenditures which cannot be provided for out of taxation, but must be met by borrowing, it is satisfactory to have Sir Thomas White's assurance that the Dominion is financed for many months ahead. The Minister states that his policy has been to borrow well in advance, in order to avoid the possibility of being held up by the development of unfavorable market conditions at a time when immediate financing was necessary, and also to avoid short dated loans as much as possible in order that maturities should not have to be met, possibly at a time when fresh borrowing is required for the purposes of the war and that heavy liabilities should not fall due in the period of dislocation following the war. This statement of policy indicates the principles guiding the recent borrowing in New York. It may be presumed that the Dominion's next borrowing will be in the shape of another domestic loan, as there will be no further borrowing in the United States until 1917. Present heavy exports and increasing bank deposits suggest that in a few months' time the home market will be well able to take care of another loan similar to that of last fall or even larger.