

to the investors, and therefore to the communities served, is determined. While the capital is being invested the stimulus to trade and industry is just as great from the enterprise doomed to failure as from one destined to success. So in the case of the expenditure on war. The prosperity due to the disbursements of large war loans is as beneficial to the trade and industry of the country, while the expenditure continues, as if it were made with the most certain prospect of ample returns on the funds expended. Only after the war expenditure is completed and no economic returns are forthcoming to replace the wealth destroyed do the unfortunate consequences make themselves felt, in the absence of any replacement of the capital expended, with which to meet the next stage of capital production. At the same time, the interest on the vanished wealth requires to be met, while new efforts are called for to replace the vanished funds. This double burden of replacing wasted capital and paying the interest on what has vanished falls upon the remaining industry and capital of the country. The measure of the burden thus imposed is the proportion which the capital destroyed bears to that which remains, making allowance in the case of individual countries for new capital which may be borrowed. At the same time one recognizes the additional burdens entailed by borrowed capital as compared with the accumulations of domestic savings.

Up to the present, however, Canada knows practically nothing of this unfortunate aftermath, for even the interest on past war loans is being met from new loans or the excess profits tax, which latter is only part of the exceptional capital expenditure due to war conditions. The prosperity of those immediately concerned in the production of war supplies and services has already extended to those other economic classes who cater to these primary beneficiaries, whether in the way of supplying raw materials, secondary goods and instruments