

respecting payment was to give generous assistance during the period in which soldiers were re-establishing themselves in civil life.

The announcement then made on behalf of the Great War Veterans' Association expressed the greatest satisfaction with the gratuity and went so far as to say that the allowance was even more generous than had been anticipated.

Apart from all this, however, the financial situation of the country is such as to preclude the Government from entertaining any proposal for a larger or further gratuity or bonus. The payments under the Order in Council of December last will run into at least \$130,000,000. In addition the expenditure under the provisions of the Land Settlement Act will probably amount to at least \$125,000,000, or \$130,000,000. Besides this there will be a heavy annual expenditure for some years by the Department of Soldiers' Civil Re-Establishment in hospital treatment, vocational training, etc.

In the Budget speech delivered by Sir Thomas White on 5th June last, copy of which is sent for your information, it was pointed out that the interest on the national debt for the coming fiscal year will amount to \$115,000,000, and that for a generation or more we must look forward to providing annually from 35 to 40 million dollars for pensions. In addition to this there is the ordinary expenditure required for the administration of public affairs, which usually amounts to \$125,000,000, or more.

In addition, inevitable deficits in the operation of our railways and capital expenditure for the most modest extension of railway facilities will run into many millions every year. The country is face to face with a very serious financial situation which will call for rigid economy and careful retrenchment.

I hope that the officers and members of your association will realize that my colleagues and I much regret that the financial condition of the country has obliged us to reach the conclusion which I have indicated. You may be assured that it does not result from any lack of appreciation of the notable and glorious services which the soldiers of Canada have given in the war now victoriously concluded.

Yours faithfully,
(Sgd.) R. L. Borden.

C. G. MacNeill, Esq.,
Dominion Secretary Treasurer,
G.W.V.A. of Canada,
P.O. Box 384, Ottawa.

To this the Great War Veterans' Association replied:

The Great War Veterans' Association,
Citizen Building,
Ottawa, September 3, 1919.

The Right Honourable Sir Robert L. Borden,
Premier of Canada,
Ottawa, Ontario.

Sir,—After full consideration of your remarks of recent date, the Dominion Executive Committee of this Association would respectfully

request the appointment of a Royal Commission, three members of which shall be appointed by the Governor General in Council upon the recommendation of the Great War Veterans' Association, to inquire into the whole question of the re-establishment of former members of the forces and advise as to the steps that are still necessary for their efficient and economical reinstatement into civil life.

I would add that the three representatives, named by this association have been summoned to Ottawa and are now available should this request of the association be granted by your Government.

I am, Sir,
Yours faithfully,
(Sgd.) C. G. MacNeill,

Dominion Secretary-Treasurer G.W.V.A. of
Canada.

The Prime Minister replied as follows:
Ottawa, Ont., September 5, 1919.

Dear Mr. MacNeil,—
I beg to acknowledge your letter of the 3rd instant.

After my interview with the Executive of the Great War Veterans' Association on Saturday last, I discussed the whole subject with my colleagues with the result that we still feel ourselves bound to adhere to the conclusions expressed in my letter of the 27th August last.

The facts which in the opinion of the Government control our action in the matter are available and can be verified without the appointment of either a Committee of the House of Commons or of a Royal Commission. You will realize, I hope, that it would be undesirable to establish a Commission or appoint a Committee to inquire into facts which are within the knowledge of members of the Government. We are quite ready, however, to place all available information on the subject at the disposal of a committee to be named by your association. If such a committee is designated to me I will see that it is put in touch with accredited representatives of the Department of Finance, the Department of Militia and Defence, the Department of Soldiers' Civil Re-Establishment and the Department of the Interior, which are those chiefly concerned with the matters in question.

I trust that this suggestion may commend itself to the judgment of the Executive Committee.

Yours faithfully,
(Sgd.) R. L. BORDEN.

C. G. MacNeil, Esq.,
Secretary Treasurer G.W.V.A.,
Ottawa.

Then follow a number of statements, tables, etc., which have been compiled by and furnished me by the departments concerned. The first is a comparative statement of War Service Gratuity in equivalent of Canadian currency paid by different countries based on three years' service for rank