

pause to inquire how that burden is to be met. What are the resources upon which Canada must depend to carry this huge national debt, and the annual charge for pensions and other services which I have mentioned? We are today a prosperous community of high average productivity. I am not prepared to say that even without extraordinary effort we should not be able to merely carry along the extra financial burden imposed by the war if its magnitude must not be minimized; and it is for us to consider and put into effect such policies as may be appropriate to counteract the disadvantage under which we shall labor in this regard and to insure the continued prosperity of our people, notwithstanding this great national handicap upon their exertions. In this connection we should undoubtedly have in mind the gradual extinction over a long course of years of the debt by a sinking fund, provision to be put into effect as soon as possible after the conclusion of the present year.

"We have a country of almost unlimited natural assets, vast stretches of cultivable lands, magnificent forests, regions abounding in mineral wealth, and fisheries the most valuable in the world. We have a highly intelligent, energetic, enterprising people of great stability of character and ardent aspiration for national and individual success. To develop our natural resources there is required the application of enterprise, capital and labor. To sell our products we require markets, domestic and foreign. Our ability to meet and retire our war obligations will depend upon our power to increase our production of natural and manufactured commodities and to economize individually so as to bring about each year substantial increase in domestic wealth and savings and a more favorable balance in our international trade. In other words, the motto for the future, as it was for the war, must be 'Produce and Save.'"

"To greatly increase our production we need more population, and particularly that class which will engage in our basic industries. Our immigration policy is therefore of prime importance. We must fill up our vacant cultivable lands. In the past we have not been sufficiently selective in our immigration. We are so amending our laws as to insure that the destinies of this country will always be controlled by those who may be depended upon as loyal and patriotic citizens of Canada, ready at all times to take up arms in her defence, no matter from what source aggression may come.

"As a great food-producing country, Canada is bound always to enjoy agricultural prosperity. It must be many

years before Europe is able to recover agriculturally from the effects of the war. In the meantime the hungry millions must be fed, and it would seem certain that Canada's agriculture will not lack for profitable markets for all it can produce.

"The yearly exportable surplus of the Dominion's grain and foodstuffs should go far toward insuring most favorable trade balances for the future. For the reconstruction work in Europe our raw materials and their products must also be in demand. Every effort must be made to develop and expand our export trade in manufactured articles, as well as in the immediate products of our fields, forests and mines. The more highly finished the commodity, the greater the price which it will bring to the Dominion. Our policy should be directed to insuring, so far as practicable, the completion within Canada, in Canadian shops and mills, of manufacturing processes, in order that we may obtain the benefit of the greater value of finished products as compared with that of raw materials or partly manufactured articles.

"No doubt we shall be subject in this to the keenest international competition, and to succeed we shall require to avail ourselves of every assistance which can be legitimately afforded by the government in obtaining information respecting, and access to, foreign markets, as well as transportation and financial facilities."

The Finance Minister reviewed the remarkable changes which had occurred in Canadian trade showing its tremendous growth and the noteworthy change from an import balance to an export balance of trade. He reviewed in detail the trade with the United Kingdom and the United States and then proceeded to take up estimated expenditures for the new fiscal year with the proposals the Government intended to make in that connection.

"Main estimates totalling \$437,000,000 have been laid before the House with supplementary estimates still to be brought down. Embraced in these estimates are certain considerable amounts representing investments. The estimate for expenditure on ordinary account for the coming year is \$870,000,000. Of this the sum of \$102,000,000 represents interest on the national debt. The estimated expenditure on capital account for the year we place at \$50,000,000.

"This is a war year, and it is necessary also to add the estimated expenditure which has been and will be incurred on account of demobilization. This will aggregate the large sum of \$300,000,000, including \$92,000,000 for war gratuity. The entire estimated expenditure, therefore, of the year on ordinary account, capital account and for demobilization, will reach the large total of \$620,000,000.

"Assuming that we maintained, without change, existing fiscal legislation, and that the yield of the various services would be upon the same basis as for 1918-19, our estimate of revenue for the present year would be as follows:

Customs	\$145,000,000
Excise	30,000,000
Post Office	18,000,000
Business profits war tax.....	35,000,000
Income tax	20,000,000
Other war taxation	14,000,000
Miscellaneous sources	18,000,000

Total.....\$280,000,000

"The question which now arises is what shall be our policy in the matter of taxation for the present year? It is a year of great industrial instability and business uncertainty. If the war were still continuing it would be necessary to recommend heavily increased taxation in order that we might pay a substantial portion of the principal of our war expenditure. If it were not for special circumstances arising out of this transitional period from war to peace that course should be adopted, notwithstanding the ending of the war, because we shall have this year so heavy a volume of what is really war expenditure, that is to say, our outlay for demobilization and all that it involves. We must, however, bear specially in mind the anxieties and

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