exhaustion with collapse on the other. To win the war with the decisiveness which will ensure lasting peace, the empire will require to put forth its full collective power in men and in money.

From this viewpoint it is Canada's policy to augment the financial strength by multiplying its productive exertions and by exercising a rigid economy which reduces to the minimum this way will the loss be made good, caused by the withdrawal of so many workers from industrial activities, the wastage of the war repaired, and the funds found for its continuance. It cannot be too frequently or too earnestly impressed upon the people that the heaviest burden of the conflict still lies before us and that industry and thrift are, for those who remain at home, supreme patriotic duties upon whose faithful fulfilment Canada's success, and, consequently, the national safety, may ultimately depend.

Prosperity is Transient.

Apart altogether from these higher grounds, it is to be pointed out that in so far as present prosperity is based upon abnormal prices for produce and upon the production of war material, it is precarious and transient and dependent upon the continuance of the war and its conditions. On ordinary business grounds alone, the prudent husbanding of resources, the wise conservation of profits, are dictated by the plainest considerations of practical wisdom and good sense.

LOANS FIRST, THEN TAXATION

Government's Plan to Provide Necessary Money for Canada's Requirements

Notwithstanding the satisfactory increase in revenue and the diminishing civil expenditures, the burden of financial administration will be much heavier in the coming than it has been in the past year. The last war appropriation act authorized an expenditure of $100,000,000. The war appropriation act of this session will authorize an expenditure of $250,000,000, all of which, and possibly more, will be required for the raising, equipping, transporting and maintenance of our rapidly increasing forces, was finance minister White's budget announcement. The all-important question, therefore, to be considered is, "How shall we provide the money?"

There are only two sources from which it can legitimately come, namely, from revenue and from borrowing. The government is resolutely resolved to maintain the standard of Canada's currency and not to resort to the issue of unsecured paper money, which is merely a forced loan without interest, leading to depreciation and the gravest economic evils which can afflict a nation. Gold reserves held against Dominion notes amount to $115,147,985, or 64.2 per cent. of the outstanding circulation.

As regards ordinary and capital expenditure, the government will endeavor to continue to effect all possible reductions. The estimates contain numerous items hitherto adopted by parliament, representing works with which it is not the intention to proceed during the period of the war. The policy adopted from its outbreak, which has given such excellent results to date, of proceeding only with works actually under contract, will continue. Further, should financial exigency so require, the government will not hesitate to terminate contracts and leave works in an unfinished condition, notwithstanding the immediate and prospective loss and damages involved. Such a course will hardly be necessary.

Expenditure of $160,000,000.

Ordinary expenditure for the coming year, as estimated, will amount to about $135,000,000 as compared with $125,000,000 for this year and $135,000,000 for last year. Capital estimates are $25,000,000 as compared with $46,000,000 for this year. Adding the ordinary and capital expenditure, the total estimated civil expenditure for the year is $160,000,000 as compared with $165,000,000 for the present year and $187,000,000 for last year. It must be borne in mind that included in ordinary expenditure for the coming year is the sum of $36,000,000, representing charges upon public debt, of which sum no less than $20,000,000 represents increased interest due to war borrowings, and a further sum of $2,000,000 for pensions payable on account of the war. In making a comparison between ordinary expenditure for the coming year and that of preceding years, these important items, aggregating an increase due to the war of $22,000,000, must be taken into account.

Should it seem expedient, Canada is justified in borrowing, as in the present year, for capital expenditure. Assuming that this is accomplished, there should be on the basis of present revenue a surplus of $35,000,000 to apply upon war expenditures. This would leave the sum of $215,000,000 additional to be borrowed for the war. Adding to this the proposed borrowing for capital expenditure, we are confronted with an increase of public debt during the coming year of nearly $250,000,000.

Nation's Financial Policy.

The question has been discussed as to the true financial policy of a nation in time of war. Some have strongly favored the policy of large borrowing; others have insisted that the cost of a war should be defrayed by a nation at the time it is being waged. Obviously, in a war such as this the latter course would be impossible. The truth seems to be that it is not practicable for all nations to adopt the same policy or for any nation the same policy at all times. The circumstances and conditions of individual nations must be taken into consideration. If a country has much accumulated wealth, a policy of drastic taxation would appear to be advisable. With a country such as ours, rich in potential resources, certain of future development and great expansion of production and population, but without at present large accumulations of wealth, it would appear that the placing upon posterity the greater portion of the financial burden of this war is justifiable, waged as it is in the interests of human freedom, and for their benefit in equal if not in greater degree than for our own. Canada in future years of peace, with the prosperity which will be her heritage from the development of unbounded resources, will be well able to meet the interest and sinking fund charges upon such debt as we shall be obliged to incur in defence of our country and its liberties.

Only Utilize Necessary Taxation.

Assuming that Canada's indebtedness on account of this war will reach $500,000,000, at 5 per cent. the annual interest will amount to $25,000,000. This sum, with a substantial amount added yearly for a sinking fund, could be met, provided strict economy be practised by governments, from the future revenue of the Dominion. In national finance, if debts can be funded, the practical question is that of payment of annual interest. But while this is so, the fact must not be overlooked that debt is debt, a financial obligation and burden upon the body politic, whether owed to investors at home or abroad.

It is Canada's clear national duty and supremely in the interest of our credit to provide what we reasonably by taxation can without impairing our economic strength. To attempt more would mean too drastic taxation upon a community whose trade and commerce have been seriously interrupted and affected by war conditions and unduly heavy burdens upon a people already contributing generously of their substance to funds and organizations whose patriotic object is the comfort and well-being of our soldiers and the dependants they have left behind. In connection with taxation, there is another feature which we must also bear in mind—namely, that Canada is a country inviting immigration, and we must be careful not to create the impression that it is likely to become a country of heavy individual taxation. In this connection, it is opportune to state on behalf of the government and as enunciating its settled policy, that, in providing Canada's war expenditure, resort will not be had to taxation upon the farms, personal effects, or income of those engaged in our great basic industry of agriculture.

Failing to affix a war stamp to a cheque for $8, Mr. J. G. Newson was fined $10 and costs at Toronto. Revenue Collector Frankland told the court that too many cheques were passing without the war stamp, and Magistrate Denison remarked that the bank should not have accepted the cheque.

The total income of the Black Lake Asbestos and Chrome Company for 1915 was $32,272, and net profits of $20,287. This compares with a loss of $18,775 on operations, and a total deficit of $32,297 the previous year. The profit for the year reduced the debit in profit and loss account to $44,269. The company has current assets of $108,577, against current liabilities of $8,022. Fixed assets are $5,045,578. Sales of chrome ore contributed to the better showing last year, and the sale of this product will continue profitable during the period of war.