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THE THIRD YEAR BEGINS.

Canada's position as the war turns this week into its third year is in some respects a good deal more satisfactory than could have been anticipated even a year ago. At that time recovery from the numbing effects of the financial upset following upon the outbreak of war was only in its initial stages, the Western harvests of 1915 were still on the knees of the gods, experiments had yet to be made regarding the capacity and willingness of Canadians to finance their own war expenditures. To-day not only has industrial activity, even if of a temporary character, largely developed, and enormous exports of foodstuffs been made, the fruits of a record harvest, but we have the confidence born of successful achievements in novel financing that cannot but be an invaluable asset for the future.

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"You have determined to see it through to the end; victory is certain," says General Joffre in his trumpet-tongued message to the French Army. It is in a like spirit of determination and confidence that Canadians start on the third year of war. The difficulty is to fit the heroic spirit to the ordinary hum-drum duties of most of us who are left here in Canada to "carry on." It is obvious that a good many of our people find it difficult to believe or put into practice the belief, that common-place, everyday thrift has a part, and a very important part in helping to beat the Germans. There are others who have not yet appreciated that patriotism, guided by enlightened common-sense, calls for abstention from excellent 6 per cent. investments in order that funds may be more directly applied to the purpose of meeting the needs of Canada and the British Empire. Much has already been accomplished, but the vital task still confronts our statesmen and all those in positions of authority to so plan and guide developments that the maximum of Canada's effort in brain, brawn and materials shall be applied, not only for the purposes of the war to aid in bringing it to a successful conclusion, but for *post bellum* development on practical and scientific lines.

The rapid increase in the Dominion's debt at an average rate of \$12 millions a month serves as a reminder that we are putting a considerable

mortgage upon the future as a result of the war. The fact that the mortgage is being made in a good cause does not detract from its onerous character. As a result of the war, the doubling of the Dominion's debt is already within view and it would be short-sighted to neglect the possibility that before the Dominion's direct war expenditures are over, the debt may be tripled. Joffre's "victory is certain" does not necessarily mean victory before Christmas, as some folk may be apt to assume. We do not yet know to what extent our resources may be called upon before the war is over, or what financial conditions in Canada are likely to be when it ceases. For this reason the thoughtless optimism now being vigorously pushed in some quarters, which dictates a glowing period for Canada immediately peace is declared, is a mischievous fancy calculated to do grave harm in leading to a relaxation of present-day effort, through the foolish expectation that some day things will be all right again, regardless of what is done now. It seems possible that after the war, Canada will be favorably situated in many respects, but financial responsibilities now being entered upon as a result of the war will have to be redeemed, and it is equally certain that a great deal of hard work will need to be done in order to utilise favoring opportunities. In the matter of immigration, for instance, about which a good many highly coloured, if decidedly hazy ideas are current, it is by no means certain that a large influx to the Dominion would be of service unless it is of the right type, is settled in the right places and is given means of becoming wealth-producing. This involves carefully-prepared schemes of settlement and means to finance that settlement. There are other great and critical problems of trade, industry and finance which will need solution. Something is at present being done with them, and it is an encouraging fact for the future that such is the case. The point is that while we are able to enter on the third year of war with a good hope of victory and with confidence in our ability to meet future obstacles, that this hope and confidence must be backed up with continued sobriety of action and skilful planning for future developments, and not be allowed to evaporate in a merely frothy optimism that is worse than useless.