

the previous year to \$233,000,000, and after paying all our running expenses and all charges upon capital account, we were able to contribute \$60,000,000 out of the taxation of that year towards the cost of the war.

Those of us who were here have reason to remember the fourth War Parliament, the Long Parliament, that lasted from February until September, a Parliament in which the issues were to some extent obscured because of the contention of parties. The Government in respect to taxation enunciated a policy in the spring, another policy in the summer and still another policy as fall drew near. The outlook was for an enlarged expenditure; all the former taxes were continued and the business tax was increased. Now the business tax had been twenty-five per cent, or one dollar out of four on all profits above seven per cent, but it was suddenly increased at this session. It was made to yield far more than before, and on that I shall later say a few words.

I think I can affirm, without any fear of contradiction, that it was not the original intention of the Government last year to introduce an income tax—in fact, the Finance Minister early in the parliamentary session distinctly stated that he would not—but he was more or less stampeded, I believe, in the matter. However, the income tax was introduced, it came to stay, none of us to-day are asking for it to be abolished; in fact, we expect that it is to the income tax we shall have to look henceforth for the main portion of our war revenue.

The financial statement for 1917-18, the year which ended a few weeks ago, was presented by the Acting Finance Minister this afternoon. It is practically on a par with the preceding statements. It shows that the total expenditure last year was \$525,000,000, and that the revenue had again showed a material increase. It had been pulled up from \$233,000,000 to \$258,000,000; and once again we paid all our current expenses, all our capital expenditure out of revenue, and had \$55,000,000 to pay on war account.

If you add these figures together it will give us a four years' survey, and make it possible for us to see just what Canada has done since the war began. It is partly due, I admit, to business prosperity, and largely due to the willingness on the part of our people to accept the taxation measures which were voted by successive Parliaments, but we have during those four years increased the annual revenue by \$100,000,000. To-day we are receiving from

the people sixty-five per cent more than we were taking from them when the war began. We have met all our current expenditure during the last four years out of revenue; we have paid \$130,000,000 of capital expenditure which it is presumed for the most part has gone into productive enterprises; we have cancelled \$100,000,000 of our war debt; and we have done that out of the money the people have given us as we have gone along year by year during those four years. I think that is a record of which we have every reason to be proud, a record that even at this time—after four years of war, when everybody is girding up his loins for a renewed effort—gives us confidence in the stability of our Canadian financial institutions, confidence in the willingness of our people, and confidence that even if this terrible war continues we shall be able, for some years at least, to carry on as before; and we shall need all our courage and all our devotion for the task that is ahead.

The Acting Finance Minister to-day gave us the figures for the coming year—staggering figures, tremendous figures. The war estimate for the coming year \$425,000,000; consolidated fund estimates \$225,000,000; capital expenditure \$30,000,000; in all \$680,000,000, four times the entire revenue of Canada at the time the war broke out. That is the sum that we have got to meet. The taxes that have been to-day outlined, together with those that are being continued, are expected to bring in \$270,000,000, and \$410,000,000 remain. We have left on hand of moneys that came from the Victory Loan \$130,000,000, so we have to provide for \$280,000,000 more. That will only carry us from August to the end of March. The next loan necessary to be floated will probably be a loan for a year's needs, and in all likelihood we shall require to ask the people of Canada for from \$400,000,000 to \$500,000,000 in the next great loan campaign that will come, I presume, early next fall. It is on that account that I was pleading a moment ago that every member of this House should realize the enormity of the task, and also the part which he, individually, is called upon to play in enabling the Government to secure the needed money.

Before sitting down I want to make a few observations with regard to some of the taxation proposals. I listened very attentively this afternoon to the Acting Minister of Finance, I think I heard most of the things that he said, but some of the