

Hon. Mr. BOSTOCK: I want to congratulate the honourable leader of the Government on the complete statement that he has given us in regard to the items of the Supply Bill, but I must say that the figures are very large. As I understand the position, the expenditure for 1917-18 will amount to \$254,000,000 odd, which sum does not include the expenditure on war account. Apart from the amount set down for pensions and for soldiers' settlement, and the amount of \$54,000,000 for interest on debt and sinking fund, I understand that the expenditure on account of the war is not included in those figures. They represent a very large amount of money for a country with a population of about seven and a half millions; and the question to my mind is whether we are justified in increasing the expenditure in the way that we have done.

Honourable gentlemen will notice that the actual expenditure for 1916-17 was \$280,000,000 odd, out of which apparently \$50,000,000 was war expenditure, leaving the general expenditure at \$230,000,000 odd, while for this year it will be \$254,000,000 odd. That shows honourable gentlemen the way the expenditure of the country is increasing. We must also bear in mind that to those figures will have to be added the expenditure on war account. According to the statement given by the Minister of Finance, the income last year, 1916-17, was sufficient to enable us to supply \$60,000,000 towards the war expenditure. While it is satisfactory that we were able to supply that amount, it is to be hoped that in the present year we shall have a revenue that will enable even a larger surplus towards paying the war charges.

Honourable gentlemen who consider the financial position of Canada, and other countries as well, must see that the only country in the world to-day to which any of the allied countries can go to borrow money is the United States. Now that that nation has entered the war, the chances of our being able to borrow large sums there will decrease from day to day. We had an instance of that in the case of the loans that were negotiated by the Minister of Finance only a short time ago. He had to go to the United States for his last loan of \$100,000,000, and had to put it on the market at a price that netted him \$96 on every \$100. It has been figured out that the cost of that loan to this country is somewhere between seven and eight per cent, which is a high rate for us to have to pay on borrowed money. If we look at the details of

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the loans made by the Minister of Finance during the last two years, we find that the expense of borrowing money is increasing year after year. In 1915 a loan of \$100,000,000 was placed, the rate of interest being five per cent, and the issue price being 97½. The commission charged by brokers and bankers was one-quarter of one per cent. The loan itself netted the Government some \$97,003,000. In 1916 the Minister of Finance had to negotiate another loan of \$100,000,000 at five per cent, repayable in 1931, also issued at 97½; but while the commission of the brokers was the same, he had to pay to the bankers one-half of one per cent in place of one-quarter of one per cent, with the result that his loan came out just about the same, netting about \$97,000,000. The third loan, made in 1917, was for \$150,000,000, repayable in 1937, the rate being five per cent, but this was issued at 96, as against 97½. The commissions were higher than on former occasions, and the loan netted the Government \$139,882,508. Then we have the other loan to which I have already referred, made about August 1, which cost the Government considerably more than the other three I have mentioned.

Hon. Mr. McSWEENEY: That is only a short-term loan, two years, is it not?

Hon. Mr. BOSTOCK: Yes, it is a two-year loan that was really made on notes, and when we go to pay off this loan it will have cost the country the difference between the \$100,000,000 and the \$96,250,000 that the Government received for it, namely, \$3,750,000 plus the interest for two years, \$10,000,000, making the cost to the country \$13,750,000 for this \$100,000,000. I point out these figures to honourable gentlemen in order that they may realize the position into which we are getting, and as indicating that the Minister of Finance is going to have considerably more trouble in raising money than he has already had. I have not referred to loans that were made in this country, because that is a different question. The difficulty that I see before Canada, as before other allied countries, is that there is only one market at present in which they can borrow money, and if they are not able to borrow in that market the only means open to the Minister of Finance for carrying on the affairs of this country are those which can be supplied by the savings of the people of Canada themselves. In this country we have not been in the habit of considering the question of saving as much as has been the case in older countries, because there has not been