

To cover the expenditures made directly by the Canadian government in Great Britain and France, Canada has borrowed on open account from the British government. Further, to meet the cost of supplies and munitions served to our troops in the field from British sources, Canada has agreed to pay to the British government the sum of 6s. 3d. (now raised to 9s. 4d.) per man per day. On the other hand, the Canadian government advances to the British government a large part of the funds required for its purchases of munitions and other supplies in Canada—the balance coming from loans from the Canadian banks on Treasury Bills and from the United States government. In addition, Canada in 1916 paid some \$107,000,000 on account by delivering to British government dollar bonds for that sum, to be used as collateral for a loan in New York. For the first two years the balance in this open account was against Canada; since then it has been in our favor. On March 31st, 1918, the Canadian government had lent Great Britain \$100,000,000 more than it had borrowed; by August 1st, 1918, the net indebtedness of Britain to Canada was \$140,000,000.

5. War Savings Certificates. Since January, 1917, certificates of \$20, \$50 and \$100, repayable in three years from date of issue, and sold at \$21.50, \$43 and \$86, respectively, have been offered for sale in Canada. Later, \$10 certificates were placed on sale. By March 31st, 1918, some \$12,500,000 had been sold.

6. Note Issue. In the early months of the war the government secured a forced loan without interest by the issue of inconvertible paper. The Finance Act, 1914, increased the limit of Dominion note issue, below which only a 25 per cent. gold backing is required, from \$30,000,000 to \$50,000,000, thus giving \$15,000,000 free. By order-in-council, in these same first months of the war, confirmed later by legislation, an issue of \$16,000,000 in Dominion notes was made to the Canadian Northern and Grand Trunk Pacific against pledged securities. No recourse has since been made to this facile but dangerous method of financing.

War-Time Taxes.

Turning next to taxes, we find customs and excise still holding their predominant place in Canadian finance. A heavy decrease in customs duties in 1914-15—which had set in before the war, and was due as much to business depression as to war disturbance—was offset later by reviving trade and increased duties. Excise duties, mainly on liquors and tobacco, kept up well, in spite of the advance of prohibition, until the close of the year 1917-18. A relatively small sum has been obtained from the war taxes introduced in April, 1915, one-third of it from direct taxes on banks, fire insurance and trust and loan companies, and the remainder from indirect stamp or consumption taxes on railway tickets, telegraph messages, cheques, money orders, patent medicines, etc. The Business Profits Tax has yielded a revenue for only two years. The Income Tax has not yet been levied. A summary in round numbers follows:—

	Customs.	Excise.	Business profits.	Other war taxes.
1914-15	\$ 76,000,000	\$21,000,000	\$ 100,000
1915-16	98,000,000	23,000,000	3,600,000
1916-17	134,000,000	24,000,000	12,500,000	3,800,000
1917-18	146,000,000	27,000,000	21,000,000	4,000,000
Total	\$454,000,000	\$95,000,000	\$33,500,000	\$11,500,000

The direct taxes thus amounted to \$33,500,000 + \$4,000,000, or not quite 6 per cent., and the indirect or consumption to \$590,000,000, or 94 per cent. of the whole.

TO DIRECT GOVERNMENT HOUSING

Government Committee Will Attend to Details of Financing Scheme

In furtherance of the Dominion government's housing scheme, there has been appointed a committee of the cabinet, to be known as the Housing Committee. It will consist of Hon. N. W. Rowell, Senator Robertson, Hon. A. K. Maclean and Hon. T. A. Crerar. Mr. Rowell will be chairman of the committee.

The committee is authorized to take up without delay, with the several provinces, the question of their need for additional housing accommodation and the housing programme they have in view.

The committee will further:—

(1) Formulate the general principles which should be followed in any housing schemes in order to secure the results aimed at.

(2) Communicate with the governments of the several provinces with a view to agreeing with them upon any general scheme of housing, that the fund of \$25,000,000 authorized to be set aside by the Dominion government for housing may be applied for the purposes contemplated.

The committee is authorized and empowered "to do and perform all such further acts as may be necessary in order to carry out and give full effect to the order-in-council of December 3, 1918." Authorization is also given to the committee to secure the assistance and co-operation of Thomas Adams, town planning expert of the Conservation Committee, and "of any other person or persons specifically qualified to advise or assist the committee in carrying on its work."

The order-in-council of December 3, 1918, to which reference is made, authorized the minister of finance, upon request of any of the provincial governments to make loans to a provincial government "for the purpose of promoting the erection of dwelling houses of modern character to relieve congestion of population in the towns of their respective provinces, the aggregate of such advances to all the provinces not to exceed \$25,000,000."

VICTORY BOND PRICES ADVANCE

Victory Loan bonds are in such demand that the price of the five outstanding maturities was on December 17th raised from half a point to a point over the previous fixed prices. The news came as a surprise to brokers, who, while positive that the price would advance, did not think it would do so before the New Year. The existing demand is such, that some financial men are of the opinion that this is the first step to the regular listing of the bonds on Canadian exchanges and the withdrawal of fixed prices. In this event even higher prices are predicted if the demand from across the border continues.

The following is a comparison of old and new prices:—

Bonds due.	New price.		Old price.
	To sell.	To buy.	To buy.
1922	99½	100½	100
1923	99½	100½	100
1927	99¾	100¾	100¼
1933	100	101	100¼
1937	101	102	101

The advance on the five different maturities in Victory bonds had a most stimulating effect on the listed Canadian war loans, all of which were not only active on the Toronto Stock Exchange, but showed improvements over recent levels.

Approximately 10,000,000 acres of undeveloped land in Manitoba may be bought by the province for sale to returned soldiers if the legislation proposed by the conference of government leaders at Ottawa is adopted.