regarding other things than the size of the army corresponded to their estimate of the most vital need of all.

There is every reason to believe that the Premier, early in the war, failed to carry the Cabinet in his desires to make provision for men and more men. His statement, after Valcartier, that reinforcements would be sent for the twenty-two thousand men called for in the first contingent, undoubtedly reflected the mind of the Government as a whole. Sir Clifford Sifton, in a public speech at Ottawa, with the Finance Minister present, told the Government, with unmistakable meaning, that it ought to declare its determination at once to increase the fighting force to forty thousand.

One of the answers to such appeals was an open move by a section of the Cabinet, as testified to by the Toronto Telegram, to force a general election. An estimated expenditure of thirty millions for a war for our national existence mounted to fifty millions, even with the slowness in calling for further volunteers of which newspapers complained long before 1914 came to an end. It was a remarkable miscalculation. On the Finance Minister's confessions it means that public opinion must not be astonished by further miscalculations.

"SUBBING" FROM MOTHER.

To meet our financial requirements since the August session the following steps have been taken:

We have arranged with the Imperial Government for advances from September until March 31 of £12,000,000, or, say, $60,000,000, of which we have received to date £8,000,000, or, say, $40,000,000.

We issued for Dominion purposes Dominion notes to an amount of ten million dollars in excess of the additional issue of $15,000,000 authorized by Parliament at its last session. For this I am introducing special legislation confirmatory of our action.

We borrowed five million dollars from the Bank of Montreal.

We issued, after the successful flotation of the British war loan, £3,000,000 of six-months Treasury bills, negotiated at 4½ and 4¼ per cent., and maturing in June next.

We sold at a net price of 94½ £1,300,000 of our 1940-60 stock to meet the private requirements of our investing clientele in London.

By these means we have arranged our finances until the end of March of the present fiscal year. At present we have substantial balances to our credit both here and in London.

Total these sums and you get the sixty million dollars' discrepancy between our income and our needs for the ordinary requirements of Government, which were supposed to be provided for by Parliament before war was dreamed of. It is clear, from a little simple addition, that we must get from the Imperial Treasury for the ordinary Government and war needs of this expiring fiscal year, roughly a hundred millions of dollars. Verily we are a borrowing country. For years we have talked as if our huge borrowings were the last proof of continuing certainty of vast revenues, whereas they have been discountings of the future, on which we can only make good by a vastly increasing production from the soil, and not from the bottomless pocket of the lender in Britain, who has now stupendous obligations for war and its attendant drainages, on which he did not count until the early days of last August.

SILENCE THAT SHOULDN'T.

The outstanding feature of the economic effect of the war upon Canada has been the curtailment of our borrowings abroad. Canada has been borrowing at the rate of from two to three hundred million dollars annually for some years past. For the six months preceding the war our loans abroad, and principally in Great Britain, aggregated two hundred million dollars, or over a million dollars a day. These borrowings represented the sale of securities by the Federal and Provincial Governments, by municipalities, and by railway, public utility, industrial and financial corporations. For the most part the purpose of loans so effected was to provide funds for the construction of public undertakings, works and services, railways and industrial and other plants and establishments.

There could not be clearer proof that the "prosperity" which was our never-ending boast during the first decade of this century was largely the re-