utilities, was about $800,000,000, or slightly less than half the total expenditure. In the tables below the excess of expenditures over receipts is shown for each year:—

SUMMARY OF REVENUE AND EXPENDITURES, 1914-18.

Fiscal Year 1914-15.

Consolidated fund receipts	$133,073,481
Sinking fund	1,645,811
Net addition to debt	113,379,233
	$248,098,526
Consolidated fund expenditure	$135,523,206
Capital and other expense (including subsidies and loan discounts)	51,824,843
War expenditure	60,750,476
	$248,098,526

Fiscal Year 1915-16.

Consolidated fund receipts	$172,147,838
Other receipts	1,555
Sinking fund	1,773,021
Net addition to debt	165,780,087
	$339,702,502
Consolidated fund expenditure	$130,350,726
Capital and other expense	43,154,020
War expenditure	166,197,755
	$339,702,502

Fiscal Year 1916-17.

Consolidated fund receipts	$232,701,294
Sinking fund	1,471,697
Net addition to debt	264,030,126
	$498,203,118
Consolidated fund expenditure	$148,599,343
Capital and other expense	43,114,960
War expenditure	306,488,814
	$498,203,118

Fiscal Year 1917-18 (approx).

Consolidated fund receipts	$260,566,379
Sinking fund	3,183,492
Net addition to debt	314,808,073
	$578,557,946
Consolidated fund expenditure	$176,923,645
Capital and other expense	57,799,611
War expenditure	343,834,688
	$578,557,946

Total Increase of Debt.

Net public debt, March 31st, 1914		$ 335,996,850
Fiscal year 1914-15	$113,379,233	
" " 1915-16	165,780,087	
" " 1916-17	264,030,126	
" " 1917-18	314,808,073	
		$ 857,997,521
Net debt, March 31st, 1918 (approximate)		$1,193,994,371

It will be noted that in the first year, 1914-15, the revenue, so far from providing a surplus to be applied on war expenditure, did not even cover the civil budget, and that a sum nearly double the amount spent on the war was added to the national debt. In the second year, civil receipts and expenditures balanced, leaving the whole war outlay to be met by borrowing. In the third and fourth years there were substantial surpluses over all civil expenditure, making it possible to apply $41,000,000 in one year and $26,000,000 in the other to the principal of the war outlay. Taking the four years together, there was a surplus of revenue over all civil expenditure of only $12,000,000. In other words, of the total principal of the war outlay to April 1st, 1918, $877,000,000, only $12,000,000, or less than 2 per cent., has been met out of current revenues. In the past year a better showing was made, the surplus available for application on war outlay being $26,000,000, or 8 per cent. In 1918-19 it is estimated that the surplus will be $40,000,000, or 9 per cent. of the war outlay. It must be borne in mind that a heavy and rapidly increasing burden of war interest and pensions, about $70,000,000 in all, was met out of current revenue in this period. On the other hand, the civil budget has been relieved of the greater part of ordinary military and naval expenditure, running about $15,000,000 a year in peace-time.

It may be suggested that all revenues in excess of consolidated fund expenditure should be considered as a surplus applicable on the principal of the war outlay, and that we should consider that a portion of our increased debt has really been incurred for capital and other expenditure not ordinarily to be met out of current income. There is, of course, a case for the contention that capital, non-recurring expenditure should be met by loans, not from current revenue. When the capital outlays recur year after year, however, this contention loses force. In any case, the practical point is that in normal pre-war years only a part, or none at all, of the capital expenditure required to be met by loans. Ordinary revenue of late years had covered both current and capital outlays, including the cost of railway construction and subsidies. The debt in 1914 was less than in 1910 and only $100,000,000 more than it was a quarter century before, or an average shortage of only $4,000,000 a year. This fact indicates the basis to be taken in comparison of war with pre-war finance.

War-Time Loans.

The funds to meet these larger outlays have come from loans and from taxes—the revenues from public works merely offsetting at best the current expenditure in these services.

The loans have taken the following forms:—

1. Temporary advances from Canadian banks, usually through the sale of Treasury Bills, repaid out of public loans.

2. Debenture Stock, issued in sums of $500 and multiples thereof bearing 5 per cent. interest, and maturing in October, 1919, holders having the privilege of surrendering at par in payment on war loan issue.

3. Public loans in Great Britain, the United States and Canada. A brief summary follows:—

(a) Loans floated in United Kingdom:	
March, 1915, 4½ per cent. at 99½, 5-10 years	$ 23,332,500
(b) Loans floated in the United States:	
August, 1915, 5 per cent., one-year notes at 100, two-year notes at 99⅞, less commission	45,000,000
March, 1916, 5 per cent., 5-10-15 years at 99.56, 99.12 and 94.94	75,000,000
August, 1917, 5 per cent. two-year notes at 98	100,000,000
Summer, 1918, loan made in New York..	65,000,000
(c) Loans floated in Canada:	
November, 1915, 5 per cent., 10-years, at 97½ (24,862 subscribers)	100,000,000
September, 1916, 5 per cent., 15-years, at 97½ (34,526 subscribers)	100,000,000
March, 1917, 5 per cent., 20-years, at 96 (41,263 subscribers)	150,000,000
November, 1917, 5½ per cent., 5-10-20-years, at 100 (802,000 subscribers)	400,000,000

4. Advances from British Government. Canada is bearing the full cost of maintaining her forces in the field.