

2. Paying for the War.

Supporting the Canadian Army and Financing the Allies

War material costs money. Canada is not only buying supplies for the Canadian Army; she is also lending to the Allies part of the money with which to pay for what they buy in this country. In the earlier years of the war they were able to pay for what they bought here, but their expenses are now so heavy that, unless Canada lends to them, they can no longer buy food and munitions from us.

(1) Taxes

To buy supplies for the Canadian Army and finance the Allies, the Dominion Government has imposed more taxes. Customs duties have been increased. People who are making large business profits have now to give a share of them to the country. The war stamps which we all have to put on our letters bring in a revenue of about six million dollars a year. We have to pay taxes when we buy railway tickets, send telegrams, or write cheques. Special taxes are paid by banks, insurance companies, and trust and loan companies. By means of these war taxes the Government raised more than seventy-six million dollars (nearly ten dollars for every man, woman and child in the country) during the year ending March 31, 1918. New taxes are constantly being imposed. The most important new taxes are the Federal income tax and taxes on various luxuries.

(2) Loans

But Canada is spending so much on the war that all these taxes are quite inadequate. Up to March 31, 1918, Canada's total war outlay amounted to \$875,000,000, apart from hundreds of millions lent to the Imperial Government to buy food and munitions. For these purposes the Canadian Government obtained most of the money required by borrowing in Canada and in the United States. By the end of this year, our national debt will be more than \$1,200,000,000, most of which will have been lent by the people of Canada to their Government for war purposes.

Canada's War Debt.

This immense sum means a debt of one hundred and fifty dollars for every man, woman and child in the country. To pay