

in non-interest bearing certificates. The amount of bank borrowing has been limited to sale and redemption operations.

The total amount which the Canadian government will have to raise for war and ordinary purposes in the present fiscal year is estimated to be about \$2,850,000,000. Of this amount taxes and non-tax revenues will provide about \$1,400,000,000 in the actual fiscal year ending March 31, 1942.

If applications for war savings certificates coming to close in at the March rate they should provide the government with \$150,000,000 in the full fiscal year, and other forms of savings are expected to bring the total in savings to \$200,000,000. A third war loan - "The Victory Loan, 1941" - will be floated in June to provide a further sum. The amount has not been announced yet.

In estimating the extent to which the government is paying for the war "as it goes", it should be pointed out that money advanced to Britain now represents assets which will in all probability be realizable after the war. On this basis the 1941-42 budget provides for payment of between 73% and 75% of total federal expenditures for the 1941-42 fiscal year out of revenue - the excess of expenditures over revenue being estimated at between \$362,000,000 and \$412,000,000.

SPECIAL ECONOMIC MEASURES

In order to preserve her economic effectiveness, Canada has undertaken several special economic measures since the outbreak of war. Steps have been taken to conserve foreign exchange, particularly American exchange, which Canada needs for her war purchases in the United States and to service her debt contracted in United States dollars. These steps have also enabled Canada to meet contractual obligations abroad. Measures have also been undertaken to prevent disorderly marketing of securities and movement of capital out of Canada; to reduce non-essential imports and to conserve supplies of essential raw materials and machine tools. The latest move in this latter direction is the budget proposal to limit commercial and industrial investment to such construction and expansion as is necessary to the war effort and to the continuing of essential services. In spite of marked economic expansion, as indicated by a rising national income, increased physical volume of business, fuller employment and other factors, no undue rise in prices has been allowed and regulations have been drawn up which are designed to forestall unwarranted wage increases, thus preventing an inflation spiral.

Organizations set up to administer these controls have operated on a liberal basis and have so far gained their ends largely through the cooperation of the interests involved. While Canada faces a disturbing supply of United States dollars, the net result of such measures to date has been that Canada has been able to finance her own war effort, to pay for purchases abroad and to provide great Britain with financial assistance. It is hoped that the economic cooperation which the United States will give Canada, in accordance with the

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