

the coming year, and it is to be hoped that any such will be checked by the disapproval of the public. Rather will all loyal Canadians examine even more closely the ways in which they are accustomed to spend money, to see where greater savings can be made.

QUESTIONS.—What is the difference between a necessity and a luxury? Give examples of both. Would it pay to close the schools to save money? How can we save more food, clothing, coal, electricity? Is it possible to be too saving?

5. How the Government Borrows.

Deciding the Amount.

When the Government decides to borrow from the people in order to pay Canada's expenses, it has to decide how much to borrow. This will depend upon the amount that is needed and the amount which the people can afford to lend. The Minister of Finance, who knows what the war is costing, how much the people of Canada have in the banks, and what they have lent on previous occasions, makes an estimate of the amount to be asked; but, if more should be offered, he reserves the right to borrow it all.

What is a Victory Bond?

The Government borrows by selling bonds. A twenty-year Victory Bond for one hundred dollars, bearing interest at $5\frac{1}{2}$ per cent., is a PROMISE THAT THE DOMINION OF CANADA WILL PAY ITS OWNER \$100 TWENTY YEARS after the date of the bond, with \$5.50 INTEREST EACH YEAR in the meantime.

Three Kinds of Bonds.

There are three kinds of Victory Bonds. A bond payable to bearer must be kept in a safe place, because any person who may find or steal it might secure the principal and interest. When interest is due, the owner of such a bond clips off a coupon, presents it at any bank, and receives the interest. A second kind of bond has the principal registered at Ottawa while the bond is provided with interest coupons payable to "bearer." The principal in this case when due cannot be collected without the signature of the registered owner. A third kind of bond is "fully registered," and in this case the holder receives his interest every six months by cheque from Ottawa, which cheque can be cashed