

and if you cannot raise it by loan, and if it is inadvisable to issue currency, the only way you can raise it would be to borrow temporarily from banks an amount which has got to be taken up by borrowing a further amount later on.

Q. No possibility of getting it outside of Canada?—A. United States is a very limited international market. The \$75,000,000 loan which we got is about as heavy a loan as can be raised by Canada in United States. We raised that loan this summer, but I do not believe we could have successfully placed a \$100,000,000 loan. There is another feature of it, of course, which must be considered, and that is to what extent should you add your national debt? That is for the Government to determine, and that is all involved in the question of revenue which I have mentioned.

*By Mr. Cooper:*

Q. With regard to the \$75,000,000 which you raised in the United States, you had to pay a high rate of interest?—A. We are governed in this country to a large extent by financial conditions in New York because we are so close. For example, interest rates upon securities there have an important bearing on the interest rates which we pay here and pay there, and when we went to New York we had to pay a very stiff rate of interest, because a high rate of interest as being paid upon securities which had been issued and listed there. In other words, we had to conform to the market conditions, and had to pay a pretty smart rate; in fact, we had to pay a pretty heavy rate all the way through in the New York financing, but that was in accordance with the experience of other countries, the Anglo-French loan and the loan to Great Britain, nearly all of them secured by collateral. Our loans compared favourably with that of any other government, because our credit was better in the New York market. We were closer to United States, and did a little better than the other belligerents who floated loans there, but we had to pay smartly nevertheless.

*By Mr. Tweedie:*

Q. But you had to get the money for a specific purpose?—A. Yes, I had to arrange that loan.

*By Mr. Nesbitt:*

Q. And that original loan had been raised for expenses incurred in the war?—A. Oh, yes. Our situation is not generally understood. When this war broke out, for a period of several months we had a very trying financial and commercial situation in Canada. Times were hard. It was only the last two years that world's prices have greatly risen and our imports began to swell with heavy increase in our business. The first six months' exchange was against us and against the United States even. London was the center of the world for financial purposes at that time, and for the first six months of the year Canada was in a rather trying position commercially, industrially and financially, because of the outbreak of the war and the unsettlement which it caused.

*By the Chairman:*

Q. It has been suggested that in order to raise the revenues to carry our national debt and other expenditures including money expenditures that may be incurred along the line you have been discussing that a general land tax on all property in Canada might be advisable. What is your view as to that?—A. Well, that is a question of course of policy for the Government, and many considerations are involved. We have a very large country from the Atlantic to the Pacific. The cost of organization and administration would necessarily be very heavy, unless you had an assessment by the Dominion of all the land, there would have to be an adjustment of assessment as between provinces, and even as between parts of provinces. That is if you adopted the municipal assessment there would have to be an adjustment, so far as the assessment is concerned. The Government would have to levy upon that so many mills