

the war cost has been paid each year out of revenue. It is sound to affirm that it is the part of posterity to carry a portion of the load, inasmuch as we are to-day fighting to preserve the inheritance of those who may come after us; but it is equally true that those of us who are alive to-day, especially those of us who are here in Canada, should, as the war goes on, carry as much of the burden as we are able, so that we at home may be making a sacrifice to some extent commensurate with the sacrifices that our brave lads are making overseas. That we are doing this is shown by a very simple calculation. When the war started, our net debt was \$336,000,000. On the 31st of March, 1918, it stood at \$1,106,000,000. Obviously, then, our funded debt had been increased since the outbreak of the war by \$770,000,000. We have already seen that our war cost to date has been \$880,000,000. Consequently if we have only increased the debt by \$770,000,000 and have spent up to date on the war \$880,000,000, we must have paid at least \$110,000,000 out of revenue. The hon. member for Brome (Mr. McMaster) was this afternoon arguing in favour of a sinking fund. It is true that our loans, with the exception of the £5,000,000 loan, borrowed in London early in the war, have no sinking fund. But what better sinking fund can you possibly have than our action during the last few years? We can hardly be expected to extinguish the already incurred debt as we go along, but if we can each year prevent its increase by \$35,000,000 surely that is a sinking fund of the very best character. If we can go on paying \$35,000,000 of our war cost each year during the war (and if we can do it during the war, we surely can do it when the war is over) we could, in twenty-eight years, pay off an indebtedness of \$1,500,000,000 with interest computed at 4 per cent. Consequently, a sinking fund does not seem to us necessary or desirable, for I am certain if we can continue to bear the same share of the load as we have thus far carried, we shall be doing our fair share as we go along.

It is very difficult to ascertain for a country what part of war expenditure should be borrowed and what part should be taken out of revenue. The character of finance differs in every country. It depends upon the conditions that prevail in the country. It is impossible to say that because other countries do thus and so, we should follow along identical lines. For example, France

and Italy are not able to pay out of revenue one dollar of their war expenditure. Great Britain, in 1916-1917, paid out of revenue 17 per cent of her total war expenditure after covering all other expenditures. The United States, in the first year of the war, when they voted \$20,000,000,000, arranged that 14 per cent of that amount should be paid out of taxation. Circumstances differ in different countries, but it seems to me that as long as we in Canada are paying one-ninth, or 11 per cent, of our war debt as we go along, we are bearing all that can be reasonably expected.

Of course, most of the money that is used by Canada in prosecuting this war is borrowed. That would have to be the case, but the history of our borrowing, since the war began, makes a story of which we have no reason to be ashamed, a story which, in fact, it would do us good to repeat frequently, because it reflects credit upon Canadian patriotism, resourcefulness and courage. I am going for a few minutes to go over that record. I know it is familiar to most of the members of the House, but it can do no harm to put it clearly before us, at the beginning of this debate, so that subsequently it will not be necessary to repeat figures that will by that time be familiar to all. For half a century prior to the war practically all our borrowings, both for public and private ends, for Governments, federal and provincial, municipalities and corporations, came from Great Britain. We always turned to London when we wanted to borrow money. Naturally, when the war broke out, we looked to the Mother Land. At first she gave us temporary help. Within a few months of the outbreak of war we had borrowed from her \$60,000,000. By March, 1915, our unfunded indebtedness had reached the sum of \$100,000,000, but the Government and especially the Minister of Finance of the day had no intention that the system of temporary borrowing should be allowed to continue any longer than could be helped. Consequently as soon as conditions became better, and the money markets of the world were beginning to settle again, he went out to secure long term loans. Of course, he turned to Great Britain for the first loan. In March, 1915, he got £5,000,000 at 4½ per cent in London. Then, as hon. members know, intimation came from across the sea that Great Britain had all she could do to finance her own war expenditure, and Canada, if she could do so, was requested to find elsewhere the moneys