

Bonar Law's statement that the policy to be adopted "does not involve taxation of food." That is equivalent to saying, "We intend to have a policy of preference, but we shall have no preferential tariff on the few things of importance that Canada has to send to England." A preferential tariff on foodstuffs, either in the form of lower duties on Colonial than on the foreign articles, or of full exemption while the foreign article is taxed, has been the very root of the preferential tariff question as viewed in Canada. To talk of giving Canada a preference in Great Britain on manufactured goods would be arrant nonsense. The Canadian manufacturer who believes that he cannot hold his home market unless he is protected by a tariff against his British competitor is not likely to be deluded by a preference of preferential tariff on his goods when sent to Great Britain. Since, in nine cases out of ten, he will not send them to Great Britain at all, he is not concerned on the rates of duty there.

Tariffs, it is true, may not be the only form of preference. There is a sentimental preference that may be of much value. The action taken by Canada many years ago in granting an unconditional preference to the products of Great Britain undoubtedly created a goodwill that was of value in the encouragement of trade relations between the mother country and the Dominion. That goodwill has certainly not been diminished by the events of the war. Apart entirely from tariffs, there will continue to be a desire on the part of the British people to encourage the interchange of trade. Every legitimate effort that can be made toward that end is to be approved and aided. But the preferential question, so much discussed for many years, has been a question of customs tariffs. Therefore the abandonment of preferential tariffs as respects the chief articles of Canada's exports is a virtual abandonment of the whole project so far as it relates to this Dominion.

That there have been great difficulties in Great Britain in the way of the establishing of a preferential tariff that would include the chief articles of Canadian export, most of the Canadian people have fully recognized. They would willingly have the benefit of such tariff preferences if it could be cheerfully granted by the mother country, but they have never manifested a desire to unduly press such a policy on the Government or people of Great Britain. They have no such desire now. If anybody is asking the Imperial Conference or the Imperial Government to adopt a preferential policy on the ground that it is demanded by the people of the Overseas Dominions he is speaking without any authority so far as the people of Canada are concerned. Canadians who give most careful thought to the question will, we believe, regret that this very difficult and very contentious subject has been introduced into Imperial politics at a time when all such matters of controversy should be laid aside. Canada's desire is to cordially co-operate with the mother country in the prosecution of the war: not to embarrass Imperial statesmen at this trying time by raising contentious or academic questions that can well be laid aside until victory and peace have opened the way for the consideration of the problems of the future.

Billions

It was Gladstone, if we mistake not, who first spoke of "men who think in millions." They were counted large minded men. Their little systems had their day, they had their day and ceased to be. The men who think in millions are now in a lower class. It is in billions, not millions, that the men of large af-

airs have to think now. To the mass of mankind, however, the figures that have to be used to express the cost of the war to the great nations are almost beyond comprehension.

The proposed United States bond issue of seven billion dollars is the biggest thing of the kind the world has known. A point well known, of course, to many, but also unknown to many, is that a billion of anything in the United States and a billion in England are not the same. In most cases English words mean the same on both sides of the ocean; this is an exception to the general rule. In England a billion is a million millions. In the United States a billion is a thousand millions. In England thirteen figures are required to express a billion, thus: 1,000,000,000,000. In the United States ten figures indicate a billion, thus: 1,000,000,000. But whether you take the more numerous figures of England, or the fewer used in the United States, a billion remains a total almost beyond our grappling. "Do you know," asked a Wall Street man the other day of a visitor, "what a billion dollars means? Let me assist you. If you take account of every year, every day, every hour, every minute, you will find that one billion dollars means a dollar a minute for every minute of time from the beginning of the Christian era down to the present."

If you care to do the little sum you will find that one dollar a minute for 1917 years amounts to \$1,007,575,200 — a little over a billion dollars, according to the American system of computation. The United States loan of seven billions, therefore, is equal to seven dollars for every minute since the birth of Christ!

The Budget

THE main feature of the budget of the Minister of Finance is one which, in principle at all events, will meet with little adverse criticism, except, perhaps, from those who are called upon to pay the additional taxes. Critics are finding more fault because of what the budget does not contain than with what it proposes. The returns respecting trade, revenue, expenditure and debt are expressed in figures which a few years ago would have been deemed impossible. After the first shock of the war business readjusted itself to the changed conditions; the new orders springing from the war more than balanced those that had been lost. So far, then, as the general business of the country is concerned, the war is making for prosperity. Imports have largely increased, and values in many lines have risen to unprecedented figures, with the result that, under a tariff that is largely arranged on the ad valorem principle, there has been a great increase in the customs revenue. Of course, everybody knows that this is a temporary condition, and that soon after the coming of the peace which all must desire, while the demands on the treasury will still be heavy, the problem of revenue will be less simple than it is to-day.

The only new taxation proposed is as respects the excess profits of corporations. The present tax of 25 per cent. on all profits above seven per cent. is to remain in the case of companies earning not more than fifteen per cent. These companies whose profits are much larger are to be required to pay a larger rate, running as high as 75 per cent., on the excess. This graduated scale of taxation has much to recommend it. At the first mention of it there was a disposition to regard it as likely to have a disturbing effect on the business of many companies, and on the markets in which their stocks are traded in. Further consideration, however, shows that the new

taxes are not likely to have a very wide effect. The companies earning more than fifteen per cent. per annum are not very numerous; those earning the higher figures mentioned in the budget resolutions are comparatively few. In the great majority of cases, probably, the new taxes will not be found operative, and the companies lucky enough to have the exceptionally large profits can well afford to pay what the Minister asks of them.

For the present the war must go on with unremitting energy, and we must all be prepared to bear cheerfully the increasing burdens which it is causing. No legitimate expenditure, however large it may be, for the prosecution of the war and for generous consideration of the claims of the soldiers who are returning disabled, is likely to be questioned. As to other classes of expenditure, both Government and Parliament should be watchful that nothing is undertaken now that can reasonably be set aside for more favorable circumstances.

As to Posterity

PRESIDENT Wilson, in his address to Congress advising that a state of war be declared between the United States and Germany, and asking Congress to make provision for the cost of carrying on the war, dwelt on the desirability of making the present generation pay the expense rather than place it in the form of a debt to be left as a burden on posterity. To a certain extent this view of the financial question is accepted by the public, but a fear is expressed in some quarters that the President's policy will press too severely on the present generation. It is argued that if Congress is to levy the cost of the war within a few years, the burden will be too heavy, and all enterprise will be checked. The homely proverb respecting the killing of the goose that lays the golden egg is applied. On each side of the question quite a plausible argument can be presented. On the one hand it is said that as the people of to-day have resolved on this war they should take the responsibility of paying for it, and not leave the cost to be a burden upon the generations that are to come. That seems to be the view most generally entertained. But there is another side of the question, which is thus forcibly stated in the Boston Commercial Bulletin:

"That the burden of paying for any kind of undertaking should be borne by those who reap the benefits of it is sound economic doctrine. But if the conflict in which we are about to engage is, as President Wilson has declared, a war to make the world safe for democracy, it surely will not be denied that the next generation, no less than the present, will be the beneficiary. Consequently, bearing in mind that it is the manhood of to-day that will be called upon to make the sacrifice of life which the achievement of the nation's purpose calls for, it does not seem as if it would be very unreasonable if we asked those who follow us to assume some share of the mere monetary cost. All the more justification, therefore, is there for spreading the cost of the war, not necessarily over a period of a generation or two, but over a period sufficiently long to obviate taxation of an extremely burdensome character."

The question interests us much in Canada, for we shall have to deal with a similar one here. What portion of our war outlay shall be borne by the present generation, and what portion shall be left as a debt to be carried by those who are to come after us, will be one of the most interesting of the after-the-war problems.