

By Mr. Morphy:

Q. Reverting to the question of credits and their bearing first upon England, then on the consuming market, and next on the agriculturist of Canada; supposing that Canada had refused to grant credits for the handling of the wheat from the west, what would the result have been?—A. I explained that a little while ago, I thought. Our wheat could not be sold.

Q. That is our only market?—A. For the exportable surplus. France might take a certain amount, but they are in the same case; they cannot buy without credit.

Q. What effect would that have on future production?—A. I have slept with this thing for so long that my mind works almost automatically. What would have happened is that the farmers of the Northwest, through their representatives, would have made it quite impossible for any Government that did not give credit, and quite properly so. You cannot stop all the business of the Canadian Northwest. The farmer must have money to pay his grocer, the dry goods merchant, and his hired help. He could not do the necessary fall ploughing or any of the other things. He must sell his wheat. This is not a matter of opinion; it is an actual fact. If we did not give the money to Great Britain they could not buy our wheat, which means that our exportable surplus could not move and the result would be the demoralization of the business of this country.

Q. Where would this food supply come from for the markets of the world?—A. She would not be able to get it from us; she could not get it from Australia, where it was piled up under galvanized iron sheds. If you take an extreme case like that, it would have added to the terrible problem which she had to feed herself, but, as a matter of fact, we had to give the credit.

Q. Assume for argument's sake that this Committee should arrive at a conclusion to report to Parliament that in its judgment, say \$300,000,000, should be provided to meet the various problems that we have been considering, how would that \$300,000,000 have to be raised?—A. You would have to raise it just the way I have indicated. You would have to raise it by loan.

Q. What would be the possibility of doing that this year?—A. Well, I have indicated my belief, Mr. Calder, that so far as this year is concerned, all the proceeds of the Victory Loan will be required to meet past expenditure and to carry the Government for a very few months after it is closed, and we are quite hopeful that we will get the money in this Victory Loan, but the amount remains to be seen.

Q. You also are of the opinion that, in order to carry on the expenditures now in sight, and that will be in sight in the immediate future, necessary expenditures, a further loan will have to be launched next year?—A. I think so. I do not see any escape from it. I do not think any man was more interested than I was in the soldier problem, nor any Finance Minister more desirous to do everything possible to assist in the re-establishment of the returned soldier, and to assist by way of gratuity to enable them to get re-established into civil life. But when we consider the question of the present gratuity, which amounted to \$125,000,000, I was of the impression that the officials were of the view that the amount set aside was not only just, but generous. Those were the expressions that I understood were made use of at the time, and certainly, in considering the programme for the year, including the borrowing this fall, we had it in mind that that gratuity would take a very large amount of money, and our finance has been arranged upon the basis of a programme such as was outlined to Parliament, ordinary expenditure, capital expenditure and gratuities—that is the gratuity which authorized \$125,000,000—and I knew we should need as large a Victory Loan as we could raise to take care of the existing liabilities and carry us on for a few months more, when we would have to borrow from the banks again, because we are not over demobilization yet, and in addition to your Soldiers' Civil Re-establishment expenditure you have this very large amount for the Soldiers' Land Settlement, and that will increase at a very rapid rate. I am not criticising, you will understand; I am simply stating the facts as I see them. Money has to be raised for that,