

## CANADIAN WAR FINANCE

For over three years now Canada has been facing the task of financing the no small part it has assumed in the common war against autocracy. The sums involved may not appear great, as compared with the war budgets of Britain or France or the United States, but the record of her efforts has a distinct value and interest of its own, and not least so for the citizens of the great sister democracy. Broadly speaking, the experience of Canada has been identical with that of the other belligerents in the revelation the war has brought of the unsuspected powers of financial expansion a nation possesses. It has also its distinctive features, arising out of the industrial condition in which Canada found herself at the outbreak of the war, her traditional fiscal policy, and her peculiar financial and trade relations with the United Kingdom and the United States. The working of the budget system is also a point worth the consideration of the United States student of finance.

Before reviewing the course of war finance, some of the distinctive features of pre-war finance must be noted—the purposes of federal expenditure, its rapid expansion, and the sources of taxation and of loans.

Since the union of the provinces in 1867, the objects of federal expenditure have been much the same in Canada as in the United States. There were, however, some notable differences. Until 1911, the Dominion made no provision for a navy, and its pension roll was brief. On the other hand, Canadian governments have long considered it necessary to undertake or aid great national enterprises, to a degree unknown in the United States, in the endeavor to bind together by railway and canal the nine far-flung provinces which geography and the diplomats have done so much to sever. Another outlay not found in the United States was the subsidy paid the various provinces of the federal government, roughly on a population basis, in lieu of the customs revenues the provinces gave up on entering Confederation.

The growth alike of revenue and of expenditure was slow until nearly the end of the century. Then came the realization of the possibilities of the West, with the rush of immigrants, the multiplying of railways, the expansion of factories and the building of towns that followed. In the dozen crowded years of this growing time, the calls upon the government for expenditure increased