

OUR FINANCIAL SITUATION.

A PART from the prosecution of the War to a successful conclusion, the most important question that should engage the attention of our public men and thinkers is how to regulate and arrange the finances of the country to the best advantage.

There is no use shutting our eyes to the fact that Canada's very proper participation in the War has added enormously to its financial load. Prior to the outbreak of War our net public debt was 336 millions, and at the end of November, 1916, it had increased to 706 millions. We are now spending for War purposes at the rate of 20 millions per month. For many reasons, principally the uncertain duration of the War, it is not possible to make an accurate forecast as to what our public debt will be at the close; but it is, we think, safe to assume that it will easily be in the neighborhood of \$1,500,000,000. In this connection we have in mind the following statements made in the House of Commons by the Finance Minister last Session:

"In a general way, I may say to my hon. friend that the Government of Canada is bearing the entire expense of Canada's participation in the War. There will necessarily be certain accounts which cannot be adjusted until the War is over, or until a later date. Recently I had a conversation with Col. Ward, who is immediately in touch with the situation in London, and I understood from him that the Canadian Government is to-day paying all the expenses connected with the Canadian Expeditionary Force at present in England, and is paying the men of the Canadian Expeditionary Force in France, and Belgium, but that there will be certain adjustments of accounts necessary between the Government of Canada and the British Government at a later day covering such items as rations, supplies and other equipment for the Canadian troops who are actually on the firing line. That matter is not susceptible of calculation and adjustment from to-day, but the Canadian Government is bearing the entire expense of the Canadian Expeditionary Force.

Mr. Pugsley:—That means, of course, all the ammunition, all the guns, all the boots and shoes, and all the clothing used by the Canadian soldiers at the front?

Sir Thomas White:—Our understanding is that the Canadian Government will pay all, but that an adjustment is necessary and will have to take place later.

Mr. W. F. MacLean:—Does that include transportation?

Sir Thomas White:—I speak subject to correction by my right hon. friend the Prime Minister, but I believe that the Canadian Government has agreed to pay all the cost of transportation also; in other words, we desire to pay the entire cost of the Canadian Expeditionary Force abroad."

When we consider also that if the War were to end during the present year there will be large

expenditures during the necessarily protracted period before final disbandment takes place, we think that the sum we have mentioned, namely \$1,500,000,000 may be considered as a low estimate of our public debt at the close of hostilities. Indeed it is reasonably conceivable that his amount may be very much exceeded. Sir Thomas White, himself, has recently mentioned two billion dollars as the debt when every thing arising out of the War is cleaned up.

The annual interest charges will therefore, surely be \$65,000,000 and may possibly be \$90,000,000. Added to that we will necessarily have a very heavy and costly pension list. The spirit and pride of the Canadian people will be to deal with their disabled heroes, and with the families and dependents of their glorious dead, not in any charitable way, but with just generosity. A sum of not less than \$25,000,000 per annum will probably be required for this highly commendable purpose. Then there will be a sinking fund of about ten millions to take care of the greatly increased debt.

The difficult railway situation which to a large extent has been brought about by War conditions may necessitate an annual expenditure of anywhere from five to ten millions for a number of years. There will also be necessity for considerable expenditures towards placing the returned soldiers back in the arts of peace. This will involve vocational training, technical education, land settlement and other means of direct Governmental assistance.

Summed up we will have after the War, for many years, annual fixed charges well over 100 millions, perhaps as high as 150 millions, as compared with similar charges of less than 13 millions before the War. How to raise this huge extra amount equitably and without hampering the development of the country will be Canada's big problem.

It is not in any spirit of criticism, but rather with the object of prompting thought on the subject that we venture the suggestion that the effect of the War on the finances of the country has not yet been fully estimated by any of our public men. We have all been obsessed with the idea of preserving our individual and national freedom to the exclusion of intelligent thought and courageous action towards proper, cautious and sound financing. Two points perfectly clear in our minds are that we are throwing too much of the War burden on the shoulders of posterity, and are not taking advantage of legitimate opportunities for present taxation.

War Profiteers Not Sufficiently Taxed.

When a whole nation, as is our case, is at War the ideal condition would seem to be that there should be concerted action for the general good and without special financial advantage to any one. But apart from the man-power service of our soldiers, our war expenditures and those of Great Britain and her Allies in Canada have gone to swell the coffers of comparatively few firms and individuals. It is, we think, no exaggeration to state that there has come to Canada in payment for Canadian made munitions and supplies as much as Canada has spent herself on the War, and the