

*By Mr. McGeer:*

Q. As Deputy Minister of Finance, Dr. Clark, what do you say the outlook for the closing years of the war and the post-war period immediately following will be with regard to revenues and national expenditures?—A. Well, taking first to the end of the war: national expenditures and national revenues will be much of the order that they are at the present time, I would presume.

Q. They will continue at the present rate?—A. Roughly at the present rate, I should think. If the German war should end before the Japanese war, there may possibly be some decline.

Q. Yes, possibly some. But if they follow the course that they followed during the last war, they will increase substantially, will they not?—A. Well, the year after the end of the last war there was a substantial increase.

Q. That is, we found after the last war that the cost of rehabilitation, the cost of demobilization and the cost of adjustments from war to peace were even greater than the cost of prosecuting the war?—A. Well, the figures were higher at the end of the war, just after the end of the war than they had been during the war.

Q. Well, I mean your answer to my question is "Yes," is it not?—A. I am not saying or implying any reason for that.

Q. I say if it follows the same course—

Mr. MACDONALD (*Brantford City*): That is the net cost after taxation.

The WITNESS: Prices were rising very rapidly.

*By Mr. McGeer:*

Q. How are we going to finance that situation?—A. I think we would have no difficulty in financing it.

Q. I said "how?" I did not say whether we would have difficulty or not.—A. Well, are you talking to the end of the war or after that?

Q. I am talking of the closing years of the war and the years immediately following, which we would call the demobilization years.

Hon. Mr. HANSON: Both.

*By Mr. McGeer:*

Q. I understand it is estimated that it will take about three years to demobilize after this war?—A. Well, I think that is possibly a bit long, but I do not think anybody can tell yet.

Q. No.—A. I would think that the present methods of financing the war would continue until the end of the war. In the period immediately following the war, in the post-war period, the demobilization period as you call it, there might conceivably be a difference between the relative amounts raised by taxation and borrowing as compared with the war period.

Q. What do you mean by that? Do you mean there would be less borrowing?—A. No. There might perhaps be more borrowing, relative to the total.

Q. What you suggest is that there would be a decline in revenues or taxation and an increase in the borrowing of the government?—A. That is conceivable.

Q. That is conceivable?—A. Yes.

Q. Is that the proposal?—A. I am not making any proposals.

Q. I mean, you are the Deputy Minister of Finance whom we are depending upon for advice.—A. Yes. But I do not make policies.

Mr. BLACKMORE: Who does?

*By Hon. Mr. Hanson:*

Q. May I ask this question? What you are suggesting is that the present policy with a difference in quantum will be followed. That is your suggestion?—

A. That is right.