

The fifth domestic war loan (Second Victory Loan) of \$300,000,000 5½ p.c. 5 and 15 year tax exempt gold bonds was issued at 100 and interest as of date November 1, 1918, and the end of the war, then clearly in sight, stimulated public subscriptions. The applications numbered 1,067,879 and totalled \$660,000,000.

The sixth domestic war loan (Third Victory Loan) was raised at 100 and interest in November, 1919. It consisted of \$300,000,000 taxable 5 year and 15 year 5½ p.c. gold bonds. The subscriptions amounted to \$678,000,000.

The general result of these loans has been that in 1921, the great bulk of the Canadian national debt is owing to the Canadian people. At the end of the fiscal year 1920-21, the Dominion funded debt payable in London was officially stated as \$336,001,470, in New York, \$135,874,000, while the funded debt payable in Canada amounted to no less than \$2,082,756,376. The largest creditors of the Dominion Government are within the Dominion itself, and as a consequence the interest payments made on National Debt account outside the country are a relatively small item.

WAR TAXATION IN CANADA.

It is a general maxim of public finance that where a debt is contracted sufficient new taxation should be imposed to meet the interest charge upon this debt and to provide a sinking fund for its ultimate extinction.

War taxation began in Canada almost simultaneously with the outbreak of the war. In the short war session of August, 1914, the Customs Tariff Amendment Act, (chap. 5) and an Act to amend the Inland Revenue Act, (chap. 6), provided for increases in the customs and excise duties on various commodities, including coffee, sugar, spirituous liquors and tobacco. In the 1915 session the Customs Tariff War Revenue Act, 1915, imposed duties or additional duties of 5 p.c. ad valorem under the British Preferential Tariff, and of 7½ p.c. ad valorem under the Intermediate and General Tariffs on all goods in Schedule A of the Customs Tariff, whether liable to or free of duty, subject to exemptions of which the chief were, fish caught by Canadian and Newfoundland fishermen, goods used in the manufacture of agricultural machinery and of binder twine, certain goods used for medical and surgical purposes, anthracite coal, steel for the manufacture of rifles, silk, chemical fertilizers, cotton seed cake and cotton seed cake meal. By the Special War Revenue Act (chap. 8), new taxes were imposed as follows: on every Bank, ¼ of 1 per cent on the average amount of its notes in circulation during each three months period; on every trust and loan company, 1 p.c. on its Canadian income; on every insurance company other than life and marine insurance companies, 1 p.c. of its net premiums received in Canada; 1 cent on every cablegram or telegram for which a charge of 15 cents or more is made; 5 cents on the first \$5 and 5 cents on every additional \$5 on railway and steamboat tickets to places in North America and the British West Indies, and on tickets to places outside