

which had been paid in sterling, also of war service gratuity and pensions payable to pre-war residents of Canada who had served in the Imperial forces. The total amount thus redeemed to March 31, 1921, was approximately \$14,400,000, but what it cost the Dominion Government to render this service had not been definitely ascertained.

SUMMARY.

The approximate amount spent down to March 31, 1921, in re-establishing the returned soldiers, is estimated at \$442,700,000, divided as follows: gratuities, \$164,000,000; pensions, \$91,000,000; re-establishment, \$102,300,000; land settlement, \$82,600,000; transportation of dependants, \$2,800,000. To ascertain the total cost of the enterprise as at March 31, 1921, there will have to be added to this the capitalized value of a pension charge now estimated at \$33,000,000 per annum. On the other hand, it should be remembered that the \$82,600,000 spent for land settlement is a secured loan which will in time come back to the public funds.

III.—RECONSTRUCTION AMONG THE GENERAL POPULATION.

The war and the efforts which have been made to re-establish returned soldiers have laid very heavy burdens upon the general population of Canada, both in the present and for the future—a fact which will have been realized by the reader of the preceding pages. Not to mention non-recurrent expenditure, the amount paid as interest on the Dominion national debt in the fiscal year ended March 31, 1921, as stated in the Canada Gazette for April 9, 1921, was \$129,118,279, while the pensions expenditure in the same fiscal year amounted to \$35,312,736—a total recurrent expenditure for these purposes of \$164,431,015 as compared with \$13,205,405 in the fiscal year 1914—an increase of \$151,225,610—an amount greater than the total receipts of the Dominion Government on consolidated fund account in the fiscal year 1915. For many years to come Canadians must expect heavy taxation, the silver lining to the cloud being that the money spent in interest and in pensions will nearly all be spent within the country. It must also be remembered that within a few years the probable decline in general interest rates will make it possible, by re-funding maturing obligations at lower rates of interest, materially to reduce our annual debt charges.

If, then, taxation is not to take from the average Canadian citizen a much larger percentage of his income than before the war, that income must be greatly augmented by a general increase in the productive efficiency of the people.

This desired increase in productive efficiency is chiefly to be attained in the following ways: first and foremost, by an improvement