

I come now to the subject of borrowings. The success which attended our victory loan is something in which Canada can take pride. I was of opinion then, and I am now, that we did not ask for enough money. If our national income a couple of years ago was \$4,500 million and we raised \$1,000 million, then if it is now \$5,500 million, we could raise more than \$1,000 million. If this year it is to be \$7,000 million we are out of balance if we try to raise only \$1,000 million. In my opinion we must set our sights higher and go after this money. I will give my reasons in a moment why this must be done. I say to the Minister of Finance: set your sights high; get your campaign under way as early as possible. We have not had the same degree of success with war savings certificates and stamps. Part of the reason undoubtedly lies in the new forms of taxation introduced in last year's budget. People who previously started buying war savings certificates found themselves letting their money go into other taxation avenues. And part of the reason—one I should like to see dispelled as quickly as possible—is the allegation of waste in war expenditures. Whether it be gossip, rumour, or something else, there is no doubt that there is something disturbing the confidence of the Canadian people in the operations of the affairs of the country. Our people must be reassured that every dollar taxed and every dollar borrowed are put to the best possible use.

I was a little disturbed when on February 9 the Minister of Finance gave a statement to the house, as he said to allay the damage being done to our victory loan by wholly inaccurate statements regarding victory bond sales. As I listened to the statement it occurred to me that the inaccuracies in the public mind which the minister was thinking about had to do with the money which was provided for the victory loan by the banks of Canada. Individuals subscribed \$401.1 millions, leaving all other kinds of subscribers \$590.4 millions. The minister's statement reads:

There was only three million purchased by the banks, 2.5 million out of Quebec savings banks and a half million by the chartered banks.

That is the minister's statement and, literally, it is correct. The minister emphasizes the insignificant volume of purchases by the chartered banks. But this compilation made on February 9 does not give a clear picture to the Canadian people of what actually has occurred. The minister knows, and the house knows, that even though the chartered banks as such purchased bonds to a value of only half a million dollars, in the last billion dollar loan, they certainly used the people's

[Mr. J. H. Harris.]

deposits to finance a very large portion of that victory loan. That is elementary; we know that.

Take, for example, the \$298,000,000 subscribed by firms and corporations. A very large portion of this subscription was financed by business firms and corporations borrowing the people's money from the banks. In like manner many patriotic citizens borrowed from the banks, in many instances—and I know of a number—as a patriotic gesture paying the full rate for overdraft interest, in order that they might bear their full responsibility as citizens of this country.

It is not enough to say that you have discouraged participation by chartered banks in the purchase of victory bonds. You must tell the people at the same time that you have encouraged the banks to have their clients buy victory bonds, whether those clients have credit balances or debit balances. In other words, my criticism is that there is a tendency to make statements which do not carry the whole picture. More confidence would be inspired if the statement covered the amount of money borrowed by our people from the banks to make the loan possible. And more confidence would be engendered in the minds of our people if they were given the plain facts that during the current fiscal year we shall have borrowed direct from the Bank of Canada and the chartered banks the amount of \$983,000,000. Of course we did not borrow the \$983,000,000 to subscribe to victory loans; they are two entirely different matters. However it is still money required to take care of our war expenditures. And when we say that only half a million dollars came from the chartered banks we must give the other side of the picture. At the same time let us be—I cannot think of a better word than frank—let us be frank enough to say that we found it necessary to borrow \$983,000,000 from the banks in order to discharge our obligations. I believe the minister and the house will agree that this is a dangerous situation. It is dangerous to borrow this money, but it had to be done. To my mind nothing will start the spiral of inflation faster than will the government borrowing money from the banks, and leaving the people holding considerable savings for their own account. That is why I said a moment or two ago that we must be closer up on the heels of our spending, as far as our victory loans are concerned, or we shall be culpable and guilty of starting a dangerous spiral of inflation, and thereby destroying all the work done in an effort to control in the last three or four years. To my mind the minister spoke