

that new way ought to be tried. We look with respect upon the opinions of others, and we beg permission to differ, earnestly and sincerely, and we do not so differ without having given the whole matter of finance a considerable amount of attention.

The hon. member for Danforth said, if I remember correctly, he hoped we should be able to keep the financial system of Canada sound. Perhaps I should read his words. Far be it from me to misrepresent any hon. member; it is hard enough to understand each other, even when we represent correctly and with the greatest of sincerity our respective views. As reported at page 1064 of *Hansard* the hon. member said:

I come now to the matter of government accounts and finances. I am of opinion that with all our war expenditures Canada can maintain a sound financial position, but it will be necessary for our people to observe a few cardinal principles which I enunciated in the early part of my remarks and which I shall enunciate again in a few minutes.

May I hasten to inform the hon. member that hon. members in this group are by no means endeavouring to introduce into Canada any financial system which is unsound. It is our earnest contention, and one which we will maintain, that the principles which are at present being followed are the unsound ones. In order that we may make this quite clear I would ask the hon. member for Danforth, after he has had time to consider the question, to enunciate to the house what he considers to be the principles of sound finance. What does he mean by sound money? Must it be money which is backed by gold? No. Must it be money created by banks? Must it be money which is lent, and therefore paying interest? Must it be money which is scarce? Must there be plenty of it in order that it be sound? Must it be properly circulated in order that it be sound? Does the price structure in a country have anything to do with the soundness of that country's money? Many questions of this kind the hon. member for Danforth will have to study with care, and give the answers with accuracy, before he will be in a position to tell us whether or not the system we are now pursuing is a sound one.

The hon. member for Danforth referred to borrowing from our chartered banks as a dangerous practice. As I recall, the minister himself indicated some misgivings with respect to that part of his transactions. I say to the hon. member for Danforth that I do not agree that borrowing from the chartered banks is necessarily unsound or will necessarily lead to inflation. I am not advocating that we borrow

from the chartered banks, but my chief objection to borrowing from them is that in so doing we incur additional debt and burden this country with the obligation of paying additional interest. But when one looks at the whole financial operations of this country from a long-range point of view, those two characteristics do not make the whole transaction unsound. Before the hon. member for Danforth can be sure whether or not the borrowing of this money from the banks will cause inflation he must know what inflation is. Does he? He must know what causes inflation. Does he? He must know how the causes can be overcome. Does he? With all deference to the hon. member I submit that he is unable to answer accurately any one of those questions; otherwise he would have been more guarded in the things he said concerning borrowing from the chartered banks.

The hon. member would prevent extravagant spending in the country. How would he do it? Would he increase taxation? Would he increase the base, the number of people who are paying taxes? Is he in favour of rationing as a means of preventing people from spending extravagantly? I should have been pleased to hear the hon. member discuss and answer these questions. Now I leave the hon. member's remarks and turn to the Minister of Finance.

First of all I tell the minister that in my judgment he has shown a great deal of wisdom. For example, his statement to the effect that he had decided to pay subsidies to keep down prices; that is one very wise decision and an indication of vision and understanding on the part of the minister. There are other things in his speech which I would commend. But it is not my purpose particularly to single out the commendable features of his speech, not because I begrudge the minister the credit due to him, but simply because I believe it is my business first of all to express my criticisms concerning the budget and then to suggest what I consider to be ways in which the weaknesses of the budget can be remedied.

First I would say something to the minister which will sound quite harsh but which I believe can easily be established. The Canadian government is leading Canada in an accelerating headlong rush towards repudiation of debt, towards fascism and scarcity, if not actual famine. The definition of each of these terms will be necessary in order that all may understand what is meant by them, in order that they may not seem extreme.

This budget is heaping up debt on the Canadian people. It certainly is not a pay-as-you-go budget. Whether it is possible to