war. While those who stayed at home loaned their money at interest, one million Canadians offered their lives without interest. This creditor class will receive approximately $10,000 million interest (reparation) during the coming twenty years and the debt will still remain unpaid. The class will profit year after year because of war. "The burden will continue to be onerous not only for us but for the next two or three generations" unless we do something sensible about the matter.

While we condemn Russia for the violation of the rights of people in other countries, it behooves us to make sure that the rights of our own Canadians are observed here in Canada. These rights are not observed when the Canadian people are taxed $481,207,000 annually in order to permit a creditor class to profit year after year from war. By refunding the national debt, as it matures, through the Bank of Canada, we can get rid of the interest burden. The Bank of Canada has been used to finance $1,868,000,000 of the national debt. It can be used to finance the remaining $15,000 million as well.

I know the hon. member for Muskoka-Ontario and most of his colleagues would not be able to subscribe to the views of Mr. Krug. I am particularly glad, however, that the Conservative party has placed itself on record in no uncertain terms on this much debated question of interest rates.

Mr. BENTLEY: Are you placing the Liberals on record?

Mr. MICHAUD: I am placing my views on record. If there were any doubt as to whether the Conservatives had receded to some extent from their former position as defenders of big interests and special privileges this doubt has now been completely dispelled by the speech of the financial critic of their party, and for this fact I think we should all be duly grateful.

Just one more word on this point, and it is to urge the government to use the Bank of Canada to finance our national lending as suggested by Mr. Krug. If, however, they should be unable to subscribe wholly to this view I suggest then that everything be done to bring it about slowly by reducing interest rates gradually so that eventually the same results can be achieved. In my opinion there is only one justification for interest being charged, and it is in cases where some degree of risk is involved. If I borrow money to go into business—the lender is perfectly justified in charging me interest at a rate commensurate with the risk involved, but where there is no risk, as in government bonds, I fail entirely to see the reason for the payment of interest, at least at more than a nominal rate. I think my time has expired. Much as I should like to continue I shall conclude.

Mr. J. W. BURTON (Humboldt): This budget reminds me somewhat of the weather; very few people like it; everybody talks about

it, and the only one who can do anything about it does not seem to want to. However, speaking in support of the subamendment moved by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), I desire to use most of my time in dealing with the budget and its effects on the farmers of this country. But before doing so, may I make a few observations of a general nature?

First, I wish to repeat what I have said on many previous occasions, that the first charge on the production of a nation must be a decent standard of living for those people who make that production possible. A corollary to that is the fact that a nation's greatness is judged by how well it provides for the aged, the sick, and those suffering from physical handicaps. This was so ably presented by my colleagues, the hon. member for Cape Breton South (Mr. Gillis) and the hon. member for Moose Jaw (Mr. Thatcher), that I need not enlarge on it. But I wish to underline their questions wherein they asked why this government is so reluctant to establish the social security programme outlined prior to the dominion-provincial conferences; I would even go farther and add, at least with those provinces that have shown their willingness to cooperate by signing an agreement.

While we all enjoyed the able speech delivered by the Minister of Finance (Mr. Abbott), yet it was astounding to many of us that a man in such a responsible position could adopt such an air of easy indifference to the needs of so many people. For example, he said, as reported on page 2554 of *Hansard:*

> The exemption levels established last year are high enough to exempt completely from tax more than half the people earning incomes in Canada. Consequently it can be said that any person who pays income tax now has more than an average income, taking his or her marital and dependent status into account.

As my leader so ably proved in his statement which appears on page 2809 of *Hansard,* the present exemptions are below bare living requirements. Is any greater indictment needed of our present financial and economic system than that, in the peak years of national production and income, over half of our people earning incomes should be forced to exist on substandard levels? But our Minister of Finance blandly goes on in the style of a barker for Ringling Brothers. A person could almost hear him say, "Hurry, hurry, hurry; come this way and see the biggest freak of the year." Just listen to what he said on page 2554 of *Hansard:*

> I am consequently proposing to make a substantial reduction in taxation in this budget. Moreover I am proposing to concentrate this reduction almost entirely in the field of personal income tax.