

The Budget—Mr. McGeer

second, for surpluses with which to reduce the national debt. That course was followed until the depression forced its abandonment in the early thirties. In the election budget of 1930 the then minister of finance, the Hon. Charles Dunning, was able to make this statement:

The revenue and expenditure statement may now be summarized. The ordinary and special receipts amount to \$447,322,000. The total expenditures for all purposes amount to \$402,815,000, thereby leaving an estimated surplus of revenue over expenditures of \$44,507,000.

That had been the policy throughout. We had reduced the national debt in the ten-year period by something in the vicinity of \$250,000,000. But, Mr. Speaker, remember this, that, having followed the policy of a balanced budget, with surpluses and a reduction of the national debt, we ran headlong into the worst depression the Dominion of Canada has ever known.

Now I come to the budget statement of 1938, made by the same distinguished gentleman who, after having taken a rest for a few years, had come back. This is what he says as reported at page 3914 of *Hansard* for June 16, 1938:

The progress which this government has made in approaching its objective of a balanced budget within the shortest practicable period is indicated by the fact that, while the over-all deficit in our first year, 1935-36, was \$159,989,000, the deficit was reduced to \$77,851,000 in 1936-37, and to \$13,775,000 during the past fiscal year.

Unfortunately in 1939 he again had to apologize for being unable to achieve a balanced budget; for we find that on April 25 of that year he is reported at page 3150 of *Hansard* as follows:

Leaving aside therefore any expenditures in regard to wheat, there will be a probable gap between our revenues and expenditures during the new fiscal year of about \$60,000,000.

Needless to say, I am disappointed to have to contemplate another deficit of this size. I had fervently hoped that this year I would be able to offer to the house a balanced budget and as a result be in a position to begin the process of reducing debt and taxes. I have already outlined the reasons why this "consumation devoutly to be wished" must be deferred and I have discussed at some length the forces which must be set to work to make it possible.

Let no one think that I have changed my mind in regard to the necessity of a balanced budget.

That was a great minister of finance—presumably the greatest since Alexander Hamilton—who, from the high place he has attained in directorates of the Dominion of Canada as an orthodox financier must still be recognized as the peer of the line. Was he right in that policy, Mr. Speaker?

Mr. BLACKMORE: No.

[Mr. McGeer.]

Mr. McGEER: Well, I am not so sure that we can dismiss one who was taken out of retirement and placed in charge of the nation's finances by the Liberal government of 1936 and kept there until the appalling strain of the policy he was following forced his health to collapse. I do not believe we can dismiss the conclusions of one so understandingly skilled in all the practices of orthodox finance, without first giving them some grave consideration.

The point I want to bring to your consideration is this. We lifted our debt from four hundred million in 1914 to two thousand million in 1920, to three thousand million in 1930 and in 1940 to roughly four thousand million dollars. Under a load of less than \$4 billion the economy of Canada collapsed because this nation was unable to meet its uncontrollable obligations and to finance the needs of the growing and expanding nation. Because of that the whole nation collapsed with millions of jobs to be done in every part of the Dominion of Canada, and hundreds of thousands of people wholly unemployed or only partly employed, and the whole standard of living collapsing and deteriorating in the midst of abundance. Now, what happened in the last four years? I quote from the report of the Bank of Canada, which states that the net debt outstanding as at August 31, 1939, when war was declared, was \$4,693,000,000; as at December 31, 1943, it was \$11,302,000,000.

That is not the end. We come now to this budget and you must add to that \$11,302,000,000, another \$3,200,000,000 for the coming year, making a total debt on the presently known factors at the end of the present fiscal year of \$14,502,000,000. If the former minister of finance, who expressed a devout wish for a balanced budget and the reduction of taxes, was unable to sustain the economy of Canada from 1936 to 1939, tell me how under orthodox finance the minister of finance who must carry the burden in the post-war years is going to carry, how much?—\$14,500,000,000? It will be much greater, Mr. Speaker, than that. The course of this war will be the same as the last war. It will come to an end, as all wars do, and there will be a period of demobilization following this war which will be much more expensive than that which followed the last. There will be a vast programme of rehabilitation much more expensive than the last one. If this war follows the same course as the last war; if demobilization finances follow likewise, we can look forward under the present system to binding the health and freedom of our people with a load of interest-bearing debt that will total something over