The question of the retirement or the elimination of the public debt must inevitably receive attention in this debate. It was brought to the attention of the Minister of Finance (Mr. Robb) in the last session of the house. That was done in the hope that the minister would make a careful examination of suggested plans, not only of sinking fund methods, but of refunding also, and would bring down proposals looking to the future that this house might accept. Since that time, since the adjournment last spring, one of the most important operations on record of refinancing has been accomplished. Those who followed the stupendous refunding of United States liberty loan bonds, representing $3,100,000,000, 4¼ per cent seconds, and $2,160,000,000, 4¼ per cent thirds, into lower interest bearing securities, must have felt that the minister would have been inspired by the success of this financing to bring forward something definite, or at least an outline of what might be expected, or what could be done in the field of Canadian finance. But with that lack of initiative so noticeable in this government, nothing of the kind was proposed. I want to be fair to the minister and so will tell the house what he has not divulged —that so far as a refunding operation of any great magnitude was concerned, it was really not possible, for the reason that Canadian loans of victory bonds and other issues are non-callable. It was the callable feature of the second liberty loan that made possible Mr. Mellon's vast refinancing, which operation saves his government $21,000,000 per annum. But notwithstanding this disability with respect to a large operation corresponding in some degree to the American venture, there was plenty of scope for the government to use acumen and foresight, just as much as in the case of private companies that in many instances have revamped their financial structure, or have made plans for new financing. All of these are made with debt retirement features, mostly by sinking fund, covering periods of from fifteen to thirty years. A longer period probably would be advisable in government finance, if the interest rate were low, as it is at present. The callable feature should not be overlooked. I observe, however, that in the meantime the minister has sold $65,000,000 4½ per cent non-callable bonds without sinking fund provisions. These are Canadian National thirty year bonds unconditionally guaranteed both as to principal and interest by the Dominion of Canada.

In support of this methodless method, the minister harks back to a sentence written by an economist, McCulloch, in 1845—eighty-three years ago—twenty-two years before confederation when income tax in Great Britain was seven pence on the pound, instead of listening to the voices that are speaking in 1928 of achieved and possible financing following the accumulation of debts after the Great War. McCulloch advanced the idea that:

> Greater productiveness of industry and the greater well being of the community are the real sinking funds which a wise government should exert to build up and encourage.

This is a pleasing generality, but it will scarcely stand beside the masterpieces of actual financial operation. Great Britain did not heed McCulloch when she funded her debt of $4,600,000,000 in the United States and arranged for orderly payments. She has since paid $95,000,000 of principal and $615,405,000 of interest, making total payments of $710,405,000. If the Chancellor of the Exchequer had accepted McCulloch's sentimental and indefinite financial ideas Great Britain would not have had the credit and the standing she has in the world to-day. Mr. Coolidge does not go back eighty-three years, but he points with pride to the fact that in the years since 1921 when the debt of the United States towered $26,500,000,000 there has been an orderly reduction until $8,500,000,000 or 30 per cent of the total has been removed. Permit me to quote from his message to congress transmitting the budget for the year ending June 30, 1929, with reference to current debt reduction from taxation. Speaking of reduction of taxation the president makes this significant remark:

> Since 1920 there have been three reductions in taxes for the purpose of relieving the people of some of their war burdens. The act of November, 1921, lightened the tax load by a reduction of $663,000,000. The act of 1924 afforded additional relief of $519,000,000. The act of 1926 made a further reduction of $422,000,000. Taking these all together our tax demands have been lessened by $1,604,000,000. This in itself illustrates the value of orderly procedure. The people are permanently richer because of the diminished demands made by the federal government. And hand in hand with these material curtailments of the amounts taken from the people the public debt has been reduced. From a peak of more than twenty-six and a half billion dollars the debt has been reduced, on June 30, 1927, by $8,084,794,716. This lowering of the debt means an annual saving in interest of approximately $320,000,000 While this tangible and extraordinary saving emphasized the importance of debt reduction as a preliminary to ultimate adequate tax reduction, we have at this time for consideration the question of further relief to those who pay federal taxes.

From this it will be seen that since 1921 the United States national debt has been reduced by more than $8,000,000,000 or about thirty per cent, while the Canadian debt has been reduced something like five or six per