

THE PROBLEM

We have not balanced our budget and are not now doing so. Our net debt has increased and is increasing. In making these statements I have included the so-called indirect obligations of the government. There is no good reason why these should not be considered a part of the net debt. They are for the most part in the nature of loans advanced to the Canadian National Railways and guaranteed by the government as to principal and interest. There are also included securities of the Grand Trunk Railway guaranteed as to interest. The amount of the net debt is shown below.

			<u>Indirect Liabilities</u>	<u>G.T.R. Securities</u>
Yr. ending March	31,1924	\$2,417,783	309,629	216,207
" " "	31,1925	2,417,437	365,915	216,207

000 omitted

THERE ARE TWO WAYS OF MEETING THIS UNFORTUNATE SITUATION

- (a) By decreasing our expenditure.
- (b) By increasing our revenue, i.e. our tax, receipts, or by a combination of the two. I shall not consider here a third method of decreasing the burden, by means of increased immigration - providing more shoulders to carry the weight - as I assume that it is the purely fiscal and financial side of the question that we have been asked to consider.

- (a) Decreasing our expenditure.

Unfortunately that portion of our expenditure which is fixed and