

then I think we must admit the problems which will face the present and future ministers of finance will be far greater, because we have expanded our debt many times over. We have today many far greater problems to meet than we had in days gone by.

The Minister of Finance, like former ministers, apparently still believes or hopes that we can tax ourselves into prosperity and borrow ourselves out of debt. Doctor Cyril James, when giving evidence before the reconstruction committee, emphasized the fact that we need a new budget philosophy in this country. He said that in all probability under that system we shall see the national debt increased by several hundreds of millions of dollars in the next 100 years. I do not know why he stopped at 100 years because, if we go into debt steadily for the next 100 years, I should imagine that we shall have increased our debt to such a size that we shall have even greater difficulty in meeting our obligations as long as we continued under the present financial system. The only sound alternative would be to finance our national projects through the Bank of Canada and pay for them through taxation at the rate of depreciation of the capital asset, so that the capital asset is paid for during its lifetime instead of the debt being passed on for future generations. When we finance as we are doing today, the debt may run on for many years, so that, when the final payment is made, you have not only paid for the capital asset in the form of principal, but paid for it many times over in the form of interest.

In closing, I should just like to say that the budget should have embodied in it the following features:

1. It should provide the means for maintaining an optimum development of our resources.
2. It should provide for maintaining the purchasing power of the people at a level sufficiently high to create an effective demand or market for our production.
3. It should provide the means for a basic income to all citizens.
4. It should provide for meeting any deficiency in revenue by the use of national money, thereby making it possible to bring about a reduction in debt and taxation and at the same time maintain the income of the country at its highest level.

At six o'clock the house took recess.

[Mr. Quelch.]

After Recess

The house resumed at eight o'clock.

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, my observations this evening will be fairly brief, and more of a general nature. It is my desire to avoid repetition as far as possible, and when the budget resolutions are before the house they will provide ample opportunity for perhaps more detailed discussion.

In presenting his budget—and I may add that, in my opinion, he presented it extremely well—the minister was optimistic in proclaiming a surplus of something over \$300,000,000. I do not find myself in such an optimistic mood as that of the minister on the night he delivered his budget speech. However, as he proceeded we found him to be quite frank in admitting that the surplus of \$300,000,000 odd was perhaps made up largely of the proceeds from the sale of war materials by War Assets Corporation. Two or three weeks ago, in conversation with two officials of that corporation, I asked their honest opinion about the disposal of commodities placed in their hands. One man was very frank in saying that he thought the organization had been started a year too late. He said it was already evident that markets were disappearing rapidly, because new commodities of many kinds were now appearing and this had a definite effect on the prices that could be realized from the sale of war assets. He expressed the fear that perhaps much of the materials which could have been salvaged to fair advantage might be headed for the scrap pile.

From my observations and investigations in connection with some of the airports in my own district, in regard to the machinery and other materials disposed of there, I am inclined to agree with him. I hope he is wrong, because, after all, these materials would have been of considerable value if they had been properly sold. In any event, time will tell that story. But it seems to me that the surplus of \$300,000,000 might shrink rapidly as developments take place in the very near future, and I should like to give one instance to show why I make this statement. A veteran located some distance from my own city, though still in my own constituency, bought from War Assets Corporation a large quantity of material with which to build himself a small home. I believe those materials consisted of lumber, wallboard, plaster base, electrical equipment, plumbing supplies and so on. Most of it was used material; some had been taken off other buildings during the demolition of airport buildings and the like. He bought the material at open prices; he could not get it anywhere else and in his desperation, because he was in