

two sections which were not passed at the last sitting were Nos. 17 and 18 in part II of the bill.

On section 17—Governor in council may borrow for capital expenditures.

Mr. LANDERYOU: Section 17 reads:

17. (1) The governor in council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by parliament by any act heretofore passed, raised by way of loan, under the provisions of the Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the governor in council may approve, such sum or sums of money as may be required to provide for the payment or reimbursement of expenditures of the department, which in the appropriations provided by parliament for the department are chargeable to capital account, hereinafter called "the said expenditures."

(2) The principal raised by way of loan under this act and the interest thereon shall be a charge upon and payable out of the consolidated revenue fund.

I have pointed out time and time again that legislation is continually being introduced into this house which increases our debt and the burden of taxation placed upon the people of Canada. I have a question or two which I should like to direct to the Department of Finance, which is headed by a scientific money man. The Department of Finance and the Department of National Defence are to share the responsibility of administering this act. The question I wish to direct to the minister is this: In view of the fact that the national debt of Canada and taxation will be increased by the financial provisions of this bill, just how much further can we go in piling up our national debt? Just what limit does he place upon our ability to carry the debt burden in Canada?

Mr. DUNNING: Mr. Chairman, I must decline to get into a general discussion of monetary principles on the section of a bill which has to do with providing a method of financing a specific undertaking. We could write books about my hon. friend's question, as he and his friends do, but I do not think any book written by myself, developing that subject and expressing my opinions, would be of any really permanent value because all history shows us that nothing shifts more rapidly or more unexpectedly than people's ability to carry their communal financial and economic burdens. All through history we have had the Jeremiahs telling each succeeding generation that the end was coming, there was no hope, the load was too heavy, and so forth. Yet each succeeding generation has

evolved methods of carrying that load or of adjusting it. Any dogmatizing by myself or anyone else as to what can or will be done in the future in relation to the debt creating or debt carrying capacity of a people would be merely the wildest of speculation.

Mr. LANDERYOU: Since the minister has stated that he does not intend to define any limit to the amount of national debt and our capacity to bear taxation—

The CHAIRMAN: Order. The hon. member is out of order.

Mr. LANDERYOU: I do not intend to be out of order, Mr. Chairman, but in view of the fact that we are here adding to Canada's national debt, and there is nothing in my opinion that has a greater effect upon every man, woman and child in this country than monetary policy—

The CHAIRMAN: The hon. member must confine his remarks to clause 17, which provides that the governor in council may borrow for capital expenditures. He must not attempt, under this clause, to cover the whole range of expenditures or discuss the whole monetary system.

Mr. LANDERYOU: I am dealing, Mr. Chairman, with the provision that:

The governor in council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by parliament by any act heretofore passed, raise by way of loan, under the provisions of the Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the governor in council may approve, such sum or sums of money as may be required to provide for the payment or reimbursement of expenditures of the department.

We are simply borrowing more money, and I am dealing with the effect that borrowing more money will have upon the tremendous debt burden which we are now carrying. I wish to refer to a statement made by a man who has made a study of this question, a statement by a banker in respect to increasing Canada's total debt.

The CHAIRMAN: The hon. member is still out of order, and I would ask him to confine his remarks to the clause before the committee. I am sorry to have to interrupt him so often, but he must comply with the rules.

Mr. LANDERYOU: Mr. Chairman, in respect to the borrowing of money which this section empowers the government to do, I wish to point out that our ability to pay does not keep pace with our increasing debt. If we compare 1937 with 1927—