

*The Budget—Mr. Crerar*

Turning to the budget itself, I wish to refer first to the national debt and the surplus. I have not very closely analysed the statement produced by the Acting Minister of Finance as to whether it really shows a surplus or a deficit. I must confess that when I listened yesterday to my right hon. friend who leads the opposition I thought the surplus was vanishing into thin air, but when I listened again this afternoon to my right hon. friend who leads the government, I thought he presented another side of the story. But at any rate, what is the purpose of bookkeeping in a business concern or in our national economy? Its whole purpose is to reveal the precise and exact position of a business; and it should be so in regard to the affairs of the Dominion. I dare say that probably others could put a different construction after an analysis of the figures, to that which has already been given to the House. The important thing, however, is that the public should be plainly and completely informed as to the exact position of our

10 p.m. finances. In respect to our railway financing I think its nature must govern its treatment in the national accounts. Anything in the nature of capital charges in the way of expenditure for railway extensions, for proper betterments, is a proper capital charge; there is a definite asset against it; and I see no good or sound reason why such should be charged up as a part of the ordinary expenditure of the country. That is the manner in which it has been treated in the past: all the guarantees that this country has given, to the extent of hundreds of millions of dollars, has never been charged to the national debt. I could instance that in the guarantees that have been given to bodies like the Montreal Harbour Board, the Quebec Harbour Board, the Vancouver Harbour Board, and similar corporations. But there should be a sharp distinction drawn between expenditure of that kind and expenditure that is incurred, for instance, in the form of capital charges on our railways.

It will be several years yet, probably two or three under the very best of conditions, before the earnings of the National Railways will be sufficient to pay operating expenses and all the charges against the money invested in the enterprise. The custom has been in the past to add these interest charges to the obligations of the road. These interest charges should be a direct charge on the finances of Canada until the road is in a position to meet them.

I want to make reference to a suggestion made by my hon. friend the member for [Mr. Crerar.]

Brome (Mr. McMaster) in his admirable speech on the budget some days ago. In discussing the handling of the railway finances he advanced rather a novel idea. He made the suggestion that all the revenues of the railway should be paid into the consolidated fund of Canada, and that all the expenditures should be disbursed in the same way as other government expenditures are disbursed. Now I usually find myself in complete agreement with my hon. friend from Brome, but I am quite sure of this, that he has not given the suggestion that he made to the House very full study or consideration, or he would not have made it. That, to my mind, would make a wholly impossible condition of affairs in the administration of these roads. Fancy, for instance, having all the revenues that are taken in over all parts of this broad Dominion from the Atlantic to the Pacific paid into the consolidated revenue fund of Canada! How are the payments to be made? How are the expenses of the road to be met? The road could not possibly operate under those conditions with any satisfaction whatever. There would also be the further disadvantage that it would drive the administration of the road more and more into the ambit and orbit of political pressure and political consideration, and if this road is ever to succeed, and I believe it will succeed, it must be removed, absolutely and utterly, from the region of political interference.

I think there is some credit coming to the Acting Finance Minister (Mr. Robb) for the reductions in taxation that he has made. If press despatches are correct strong representations were made to the government prior to the delivery of the budget, that taxation should be reduced. But I have observed that the reductions that have been made through the budget we are now considering, affect altogether what might be termed the necessities of life for the great masses of the Canadian people. I am among those who believe that taxation should be reduced in this country as rapidly as possible, and I am glad to see in the step the government have taken in that direction that they have reduced the taxes as far as possible on the things that are in most common use among the Canadian people, and that is certainly where taxes should be first reduced.

The chief issue involved in the budget, however, is the issue of the tariff. I listened with a great deal of interest to the address delivered by my right hon. friend who leads the opposition, and as well to my right hon. friend who leads the government. There is