

Subject.....

Date..... Publication

Uncontrollable
Expenditure.

Taxation -
National debt.

the total cost of the government in the days of Laurier and that of the present day, remarking that if the difference in the purchasing power of the dollar were to be taken into consideration, the present government was carrying on at less than was being spent in the time of Sir Wilfrid.

"The people of the country," said Mr. King, "should understand why in some cases it is impossible for the government to reduce expenditure, and why it will be impossible to reduce taxation beyond a certain figure for some years, for a very large part of the expenditure is what may be termed 'uncontrollable.'

"No government," he added, "can spend one cent less. No government can repudiate the public debt. As long as it is not paid off, the amount must be raised by taxation to pay the interest on the debt.

The Country Mortgaged

In elaborating on this theme Premier King pointed out that at the time his government took over the reins of office the national debt amounted to two billion, four hundred million dollars. That simply meant that before any money could be spent upon the administration of the country, or upon the development of the country, the enormous sum of one hundred and thirty millions or thereabouts had to be raised to meet the interest on that enormous heritage of debt. These were staggering figures, he said. But to get a proper line on just what the Liberal government had to face as a result of conditions which it did nothing to bring about he made a comparison with the national debt of the pre-war era.

"Before the war," he said, "the total cost of governing the country did not exceed one hundred and twenty-three million dollars a year, and that included on the interest to be paid on the then national debt. Compare that with to-day. Imagine, that before the war we were able to carry on the government of the whole country with one hundred and twenty-three million dollars, whereas to-day we had to raise more than that alone in order to meet the interest on the national debt. It was important to make that distinction, for it was only by a proper understanding of the financial situation, and of the obligations that they had to meet, that the people could come to an estimation of the great

difficulties under which the country was laboring, and also of the time it would take before the load was removed. With that fact properly understood it would be realized that it was impossible to promise to reduce taxation for years to come. No one dared say that we should repudiate that national debt. We must make our

way, and at the same time we must make provision to pay off some of that national debt. The situation is pretty grave, and painting fancy pictures will not tend to relieve the situation."

"A very large part of our debt is absolutely uncontrollable. No party could alter it by so much as a single cent. So long as the capital of the national debt is not reduced we must find one hundred and twenty-five million dollars in taxation to pay the interest on it alone, more than it took to run the whole country ten or eleven years ago.

Another Debt

"There is another debt, what we owe to the men who fought in the Great War and who came back, maimed and crippled, and to the dependents of those who never came back. We said to the men who went overseas 'Here or hereafter you shall see it ended. If from beyond, with a vision splendid you shall never know regret.'

That obligation means taxation that cannot be reduced for many years to come. The amount paid out now in pensions, land settlement, civil re-establishment, etc., totals the sum of fifty-five millions each year. That is just about half of what it took to run the country in pre-war days. Yet that is an obligation that must be met. No administration would suggest that there could be any saving in that quarter.

"And there are others, other debts. When we came into power we found that we had a great railway system to administer, the combination of railways that had been taken over by the administration of the day. That obligation was also inherited. It was there when we came into office. We could not dispose of it if we wanted to at the time we came into office.

Railways and Marine

Hon. Mr. King then touched upon the railway question, and of the appointment of Sir Henry Thornton, adding that for some time the roads would still cost the country a considerable amount in deficits. The railways, he said had been placed

Legacies of
the War.

Railways.

W. L. Mackenzie King Papers

Speeches-1922 - 1932

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