

obviously the burden of debt, the high rates of interest and the paucity of purchasing power in the public, are factors which are vitally affecting Canada to-day, factors which my hon. friends constantly emphasize and which form the basis upon which they erect their theories of credit.

I am not prepared in any dogmatic way to say what ought to be done, but I do say now to the minister, to the government and to parliament—

Mr. LANDERYOU: Would the hon. member permit a question?

Mr. STEVENS: I should like to finish this statement. I do say to the minister and to the house that at this time, when we are facing the borrowing of this \$750,000,000, we ought to give careful study to the factors to which I have referred. Now, the hon. member had a question, although I have not yet completed my observations.

Mr. LANDERYOU: Has the hon. member any concrete proposals to offer as a substitute for the principles we have stated definitely in the house?

Mr. STEVENS: I will say this to the hon. member—and in saying it I do not wish to appear rude either to him or to the minister—but may I say that I have some ideas. I doubt very much, however, whether it is worth while giving expression to them here.

Mr. LANDERYOU: I think it is.

Mr. STEVENS: What I am about to say may sound a little vainglorious, but may I put it in this way: If to-morrow I were in the position of the Minister of Finance (Mr. Dunning), I know certain steps I would take which I believe would be helpful.

An hon. MEMBER: Let us have them.

Mr. STEVENS: I am not prepared to give them at the present time.

Mr. DOUGLAS (Weyburn): I was interested in the hon. member's statement with reference to the different amounts of money in circulation in the different countries. Is the velocity of turn-over relatively the same in those countries, or is it higher in Canada?

Mr. DUNNING: That is a tough one.

Mr. STEVENS: Yes, it is a tough one. The question of velocity is perhaps one of the most intricate of all questions in connection with credit and monetary matters. May I point out that the velocity in Canada has varied in the last ten years from seventeen to twenty-six times. I think at present it

[Mr. Stevens.]

stands at about twenty-two, or in that neighbourhood. But, so far as I am able to ascertain, the velocity is not very much different in any of the four countries to which I have referred, although I would be inclined to say that in all probability the velocity in Great Britain would be greater than elsewhere. In the eastern states it would be greater than in the western states. But if we take the United States as a whole, the velocity there would not be much, if any, greater than in Canada. But if it were greater it would only emphasize the differentiation to which I have referred.

I wish to turn more directly to the resolution which calls for the raising of \$750,000,000, a sum which, as I have already indicated, is a very large one. I find that the funded debt of Canada is, in round figures, \$3,252,000,000. The maturing bonds in the next year or year and a half, so far as I can learn from the public accounts, stand at about \$425,000,000. Then there are treasury bills amounting to \$150,000,000. These two items call for about \$575,000,000, which leaves \$175,000,000 out of the \$750,000,000.

When we come to the committee stage I should like the minister to be prepared to answer this question: What is this additional sum to be used for? We find reference in the resolution to "public works and general purposes." Perhaps I am now getting out of the realm of wholly impartial economic discussion and approaching that of political—

An hon. MEMBER: Politics.

Mr. STEVENS: Yes, politics, if the hon. member likes that word. I am wondering whether or not in the closing session of this parliament we are going to be treated to very rich supplementary estimates, and whether in this authority to borrow \$750,000,000 we are providing the minister with a mighty handsome election fund.

Mr. LAPOINTE (Quebec East): Is it a hope or a fear?

Mr. DUNNING: The hon. member for Kootenay East does not mean that.

Mr. STEVENS: Well, I am just a little concerned.

Mr. DUNNING: Not in relation to this matter.

Mr. STEVENS: I have noticed the words "general purposes" and have studied them with care. I have a high appreciation of the wonderful virtues of the Minister of Finance,

and of his transparent honesty. But when I see the expression "general purposes" mixed in with a sum of around \$175,000,000—

Mr. DUNNING: But this is not the authority, and the hon. member knows that. The authority must be specific.

Mr. STEVENS: Oh, no, not so specific. Of course, we shall see when the bill comes. I have the act, and I shall read it. I do not wish the minister to misunderstand me, because what I am saying is not said by way of carping criticism. I believe we must look at these things seriously. The resolution refers to "public works and general purposes," and also "The Consolidated Revenue and Audit Act, 1931," which I have in my hand. Section 13 of that act, the authority under which the minister is asking power to borrow, and the authority which will govern, reads:

(1) The governor in council may, from time to time, as the interests of the public service require, change the form of any part of the then existing funded debt of Canada, including any securities for which Canada is liable, by substituting one class of the securities aforesaid for another, if neither the capital of the debt, nor the annual charge for interest is thereby increased.

That is, the minister may refund or manipulate so as to get a lower rate of interest—a perfectly proper procedure. Then, the section states:

Provided that in any case where securities bearing a lower rate of interest are substituted for securities bearing a higher rate of interest, the amount of the capital may be increased by an amount not exceeding the difference between the then present value of the security bearing the higher rate of interest and that of the security substituted for it.

That, of course, is perfectly clear and one of the provisions which no doubt the minister has in mind. Then follows the subsection stating that no substitution shall be made, and so on. Then we find this, under section 14:

(1) The governor in council may, from time to time, as the exigencies of the public service require, in the event of the consolidated revenue fund being at any time insufficient to meet the charges placed thereon by law, direct the proper officer to raise, by temporary loans chargeable on the said fund, or by the issue and sale or pledge of securities, in such manner and form, in such amounts, for such periods, and at such rates of interest, as the governor in council directs, such sums as are necessary to enable the said fund to meet such charges.

That is a wide open power. Of course, the matter has to be reported to parliament; I do not question that fact. What I say is that in this resolution we are giving the minister very wide power. The reason why I emphasize this now is that he may favour

the house, or the committee when we reach that stage, with as full a declaration as possible of the distribution of these funds when they are borrowed.

With no intention of delaying the house, I feel that we should pause before this resolution is passed and give consideration to the broad question of the policy of this country in connection with its finances, and I see no better place to do this than here. When we come to the budget discussion there will be all kinds of, shall I say, political prejudice, which will influence the debate. But there is no reason why we should not under this resolution consider carefully the policy of Canada and the general principles upon which we shall authorize the government to carry on this very large financing measure.

Hon. CHARLES A. DUNNING (Minister of Finance): It was my intention to be prepared, and I am prepared with respect to almost all, if not all, of the matters mentioned by the hon. member for Kootenay East (Mr. Stevens), to give information to the house in the committee stage. I think it would be more convenient for hon. members as well as for myself if we could take questions and answers in that institution of the house which is adapted for that purpose, rather than have a general exposition by myself just now, interrupted as I know it would be by requests for information; it would be easier, I believe, for everyone concerned to deal with that in committee. I have only this general observation to make. I know the hon. member for Kootenay East did not wish to convey the impression that this resolution precedes legislation of a new kind, or represents any departure in method of using the machinery we have for taking care of financing the needs of the country in so far as those needs require to be met by borrowing.

Mr. STEVENS: I said so.

Mr. DUNNING: My friend said so quite plainly, but one or two of the questions might have raised implications of a different kind. The Consolidated Revenue and Audit Act is our general controlling financial statute. It is the statute which places upon the government and the Minister of Finance precise limitations as to the exercise of the financial functions of government. Then parliament itself from session to session decides by individual vote in the estimates precisely what sums of money shall be spent. So what we are here deciding is not that \$750,000,000 shall be spent; we are here deciding upon the method of raising \$750,000,000. In other words,

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