

showered them on a distressed country with the cheerful faith of an inventor who ascribes universal powers to his discovery.

That applies to our social credit system, does it not?

He asked a question and I want to answer it. I think that statement shows the colossal ignorance of some individuals. Whether it is intentional or not, I cannot say. If it is done in pure ignorance, I sympathize with him; if it is done intelligently, then there is no sympathy warranted. Any hon. member who has been in this house for one, two, ten or twelve years should know that social credit is a system of distribution of surpluses. When the hon. member refers to a distressed country he could not possibly be referring to social credit. Canada is certainly not a distressed country; Canada is one of the most productive countries in the world. The other day the minister pointed out that our production had reached the high point of \$11.1 billion, and it was possible that our production would exceed \$12 billion this coming year.

Why should there be any family in the province of Quebec living a standard existence? If we did not have the stuff in Canada it would be a different proposition, but according to the minister's own words Canada is one of the richest countries in the world. No family or no individual should have to live on an income of less than \$1,500 or \$750 respectively. The hon. member for Montmagny-L'Islet should take a lesson from the hon. member for Pontiac and do a little studying and find out what is the matter with this system.

An hon. MEMBER: We are doing it.

Mr. JOHNSTON: You did not show it in that speech. I want to speak for a moment about the national debt. In this connection the minister said, and I quote from page 2551 of *Hansard*:

The estimated gross liabilities of the dominion at the end of the fiscal year amounted to approximately \$17,660 million, against which active assets of approximately \$4,590 million were held, leaving an estimated net debt of \$13,069 million as of March 31. This, of course, is \$352 million less than a year ago, as a result of the surplus on the year's operations.

Although the minister did it later on, it would have been nice if he had stated right there that that surplus was due almost entirely to the sale of war assets, which amounted to \$372 million. Do not forget that those war assets were built up by the people of Canada through the toil and labour and materials which they supplied and that they were then sold for a few cents on the dollar to realize \$372 million.

[Mr. Johnston.]

In connection with our debt I should like to point out that our funded debt, as at the end of the last fiscal year was \$16,524,161,000 and that on that debt we pay \$437,000,000 in interest every year. At least three-quarters of that debt was built up during the war. The debt was caused largely by the government financing the war effort by borrowings from the chartered banks and individuals. According to the *Canada Year Book*—I am speaking from memory, but I think the reference is page 946 or 964—before the war twenty-five per cent of our taxes went to pay interest on our national debt, but since the war, because of the increase in the revenues of the country, about twenty per cent of the taxes now collected are used to pay interest on the national debt.

I suggest to the government that had they financed the war effort through nationally created credit, by the use of the Bank of Canada—the hon. member when speaking the other night did not seem to know anything about the Bank of Canada and I suggest that he do a little studying about it—they would not have created billions and billions of dollars of debt and we could have saved practically all of that \$437 million. We could have used that to raise the tax exemptions to the amounts I have suggested without impairing the national credit whatever. We could have done away with the excise duties, which amounted to \$75 million, and the sales tax, which amounted to \$162 million. I suggest that that is one way in which we could have used the Bank of Canada and thus been able to raise our tax exemptions this year to a decent level. At the same time we could have lowered the cost of living without jeopardizing our financial status, so that the people of Canada would have received some benefit during the years to come.

The hon. member who preceded me said that we should not always be looking forward to a depression because, if we do that, a depression is likely to come. That may be so, but I am not so gullible as to think that mere wishful hoping will keep us out of a depression if it is coming. As was suggested by the hon. member, I want to look at the thing logically. When speaking the other day the minister referred to a possible depression, or I think he said recession. But there is not much difference between a recession and a depression. It all depends which end of the line you are on. One has already been predicted in the United States because of the lack of consumer purchasing power which exists there as well as in Canada. The *U.S. Journal of Commerce* reports: