

I am going to discuss for a few moments a return tabled on June 7, 1943, which contains answers to five questions:

1. What was the gross national debt of Canada at the end of the fiscal years of 1867-8, 1875-6, 1880-1, 1890-1, 1900-1, 1910-1, 1913-4, and each year thereafter . . .

Up to the time of that return. I am not going to deal any further with that. The second question had to do with the amount of accrued interest and other related commissions and charges. The third question was:

3. What percentage of the total national revenue of each of the above years was required to pay the interest, commissions and charges above?

I am not going to take the time to place all that information on *Hansard*, but it might be interesting to the house to learn that in 1932, 1933, 1934 and 1935, the following percentages of the national revenue were used up in paying interest on our national debt. These years were the time when a very large majority of the people of Canada suffered privation and want, not because we did not have the goods to supply all their needs but because we did not have sufficient money. The figures are:

Fiscal year ended March 31	Percentage debt charges to total revenue
1932	36.88
1933	44.11
1934	44.04
1935	39.24

It is about time that we should think of these amounts and, as suggested by the leader of this party the other day, do something about the source of this money and stop at least a portion of the interest which is being paid, wrongfully, at the present time.

The next question:

4. What provision is being made to satisfy the above indebtedness?

The reply given to that is as follows:

The Dominion of Canada has always paid the full face amount of the principal of and interest on every direct obligation issued by it, all promptly when due in the lawful currency of the country where payable at the time of payment thereof.

I might state here without fear of contradiction that many of these payments were made by "renewal of the note", by going farther into debt. The reply continues:

In the budget speech delivered in the House of Commons on February 25, 1937, the Minister of Finance, in referring to an issue of perpetual bonds, stated "it was intended as the initial step in a programme which is designed to provide for the consolidation and simplification of our public debt structure. Another purpose which we had in mind was to facilitate the setting up, as soon as the condition of our national

[Mr. Fair.]

finances make it practicable, of a general sinking fund to provide for the gradual amortization of our long-term debt on scientific lines."

During the war period and for some years before the dominion government has been operating at a deficit and it has not been possible to provide for the paying off of indebtedness out of revenue. However, the government plans in this respect will be made known at the appropriate time.

I think the appropriate time is now that we have reached a debt of almost \$17,000 million. Perhaps when the minister goes on that well deserved vacation, he will think this problem through and give us some of his plans at the "appropriate time".

5. If the present policy is continued can this debt ever be repaid?

The reply is the terse:

Yes.

I say that that is incorrect because under our present system we can never repay the debt. If I remember correctly, only on fifteen occasions since 1867 have we either balanced our budget or had a surplus. So that any government or government official who comes out and tells us that under our present existing financial system we can pay our debt is stating something which is, I think, utterly untrue.

Then, again, we are told that the interest on our national debt this year will be \$481,207,000. That is quite a large amount, and will, of course be the first charge on our national revenue. To take that amount out of our production, particularly farming production, will mean that some people will have to suffer because of the payment of that amount of interest.

The requirements for the present year, 1946-47, even though the shooting war is over, will amount to \$3,750,000,000. We may be told, in fact we shall be told, that quite a percentage of this is being used to finance other countries to buy our goods. That does not make any difference; the amount has still to be collected during the year or provided for by other methods. Taxes will produce \$2,510 million. That, in my opinion, is quite a drain on the resources of the people and one of the measures used to keep down the standard of living. For that reason no member should be content to allow the budget to go through in its present form. Reductions in income tax and further increases in the exemptions should be made, and I think it is the duty of the people's representatives here to voice their opinion on that score.

We have heard a good deal of discussion on the taxation of cooperatives and I do not intend to deal with that matter in detail to-