

I am reminded in this connection of that ancient hymn, and if I might be allowed to paraphrase it I would say:

White moves in a most gracious way,
His blunders to perform.

Our debt will soon stand at \$1,950,000,000. We find that \$300,000,000 will be required for demobilization, and that sum will be borrowed in its entirety. How is this debt distributed? The Finance Minister told us on Thursday last that Great Britain holds \$362,700,000 of our securities. The House will pardon me if these large figures do not come as trippingly from my tongue as they do from the Finance Minister's. Perhaps it would be better for the country if we did not deal in these large figures with such levity as we have been doing for the last few years. The United States hold \$150,872,000, while we have raised in Canada \$1,510,000,000.

I would point out to the Minister of Finance that there seems to be—there may be an explanation for it—a discrepancy in the figures here. One figure is given at \$1,550,000,000; but the total of the securities held in these three countries amounts to \$2,023,600,000. Our net national debt on the 31st of March, 1919, was just about \$1,584,000,000. The difference between the two billion odd—the amount which these three different classes of securities comes to—and the net debt, amounting to almost half a billion, probably represents assets. It would have been interesting if he had explained this to us. Am I wrong in my surmise that these assets do not give an income, and that we have to pay interest to-day on something like \$2,000,000,000?

Now, reverting for a moment to the fact that our debt is held roughly one-quarter abroad and three-quarters in Canada, when the minister announced this fact rapturous cheers broke forth from the other side of the House. The Toronto contingent—amiable gentlemen—led in the applause that we owed to our own citizens \$1,500,000,000. Mr. Speaker, you have heard of Mark Tapley. Mark Tapley was only really cheerful when things were going badly. If ever I hear that any members of the Toronto contingent have been in a motor accident and have each had only one leg broken I could imagine them lying on the ground and cheering faintly, but cheerfully, that they had not both legs broken!

We will grant that there are certain advantages in owing money at home. Absentee creditors, like absentee landlords, are less desirable than landlords or creditors at home. But everybody likes to own his own

[Mr. McMaster.]

house, and a creditor at home is sometimes more tiresome than a creditor who lives abroad. There is no reason for cheering, I beg to assure my friends from Toronto, because we owe \$1,500,000,000 to our own citizens. The Government must collect from all the people the interest on this vast amount to pay it over to some of the people. And I wish to point this out, that the advantage of having home creditors is very much nullified, indeed, by the fact that our bonds were issued exempt from income tax. The people of Canada will have to pay interest on \$1,500,000,000 owed to some of the people of Canada, and the people who own these bonds will contribute nothing by way of taxation in respect of the amount which is to be paid them by way of interest.

The Finance Minister was very complacent with regard to the conditions of currency; he compared our position with that of other belligerents and he said that there was great cause for satisfaction. I distinctly disagree with him, and hope to be able to prove to the House and to the country that the minister's complacency is ill-founded.

Our currency, both Dominion notes and bank notes, is grossly inflated—an evidence of credit inflation, and a direct result of the issuance of fiat money by this Government. Let us examine carefully into the figures. This matter is not easy to understand; I myself had to work at it for hours before I understood it. Although other gentlemen here no doubt will be able to grasp it much quicker than I did, I shall be very glad to repeat anything that does not seem to be perfectly clear.

On June 30, 1914, our Dominion notes outstanding amounted to \$114,182,100—we will leave off the odd figures and talk only about the millions. These notes, amounting to \$114,000,000, were distributed as follows. The chartered banks held in their own banking houses \$92,000,000, in round figures, and they had deposited in the central gold reserve \$2,500,000. So that the total owned by the banks and either held or deposited by them amounted to \$94,500,000, while there was in general circulation among the public a further \$19,500,000, or, to be exact, \$19,517,618. For the redemption of Dominion notes the Government of that day held \$92,663,575 in gold, against \$94,500,000 held in the banks either in their own banking houses or in the gold reserve, plus \$19,500,000 in general circulation. This sum, as we see, more than sufficed to redeem in gold the entire amount of Dominion notes held by banks in their own banking houses,