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some who have not heard it as a surprise, for it is an appalling statement. Of the whole capital cost of the war and demobilization amounting in all to \$1,670,406,242, so far as Canada is concerned, every dollar remains to be paid. Not a cent was raised out of taxation during that six-year period from 1914 to 1920. Every dollar expended was borrowed money, and what is more, and what helps to make the task of the present administration so great and difficult in some respects, all that money was borrowed at rates of interest much higher than those at which it is becoming possible to borrow money today, and much of that interest is payable upon government bonds, which source is wholly exempted from taxation by the federal government, though a source of great wealth, much of it in the hands or under the control of those best able to pay.

Rates of interest tax exempt bonds

Need for constructive policies.

If I have made it clear that our financial problem is not one that can be met, save within certain very definite limits, by further economies, and certainly not by additional borrowing, may I come now to how as a government by constructive and carefully planned policies we have sought to work out a solution of the economic aspect of our twofold national problem.

W. L. Mackenzie King Papers
Speeches-1922 - 1932

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