

the increase in the funded debt was \$421,869,000. The net debt has increased by almost precisely the same figure, the one in large measure simply representing the other, or \$421,325,000. I propose to lay before the house reasons and justifications for this increase. The items are as follows

Deficit on ordinary account..\$139,273,000

I shall analyse that a little further in a moment:

Capital expenditures, Hudson Bay railway and Welland canal completion.. . . .	54,325,000
Loans and advances, non-active.	10,559,000
Special expenditures on unemployment relief, \$78,000,000 and wheat bonus, \$12,000,000, less some small credits.. . .	88,026,000
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Active assets written down:	
30 per cent reduction on soldiers' loans.. . . .	\$ 8,599,000
Canadian National Railway loan.. . . .	41,121,000
Harbour commission loans retired from active to non-active.. . . .	26,000,000
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	75,720,000
Canadian National deficit of last year.. . . .	53,422,000

These are the items which go to make up the \$421,000,000 increase in debt.

As regards the first item on which the house might properly ask a few questions, that is the deficit of \$139,000,000 on ordinary account, one can account for \$77,000,000 of that in the following way: first, increases in ordinary expenditures in part due to actions before this government took office, and the outworking of certain measures adopted by parliament. In saying that, I am merely stating the fact without reflecting upon hon. gentlemen opposite.

Increase in Ordinary Expenditures in Past Three Years, Over 1929-30, Which Have Contributed to the Deficit on Ordinary Account

Excess of payments in each of past three years over amount required in 1929-30	
Interest on public debt.. . . .	\$13,000,000
Subsidies to provinces.. . . .	7,300,000
Old age pensions.. . . .	22,600,000
Coal movements.. . . .	2,300,000
Pensions and ex-soldiers' care.. . . .	24,500,000
Maritime freight rates.. . . .	8,000,000

Those are all increases due to action by parliament but increases which certainly are not under the control of this government, and that total forms a substantial part of the \$139,000,000 to which I have referred.

As to the capital expenditures increase to which I referred, I think it will be generally

admitted that the Hudson Bay railway and the Welland canal were undertakings authorized by parliament which necessarily had to be carried to completion. I shall not refer further to unemployment relief and the other items which I have mentioned. These are items which we offer as a justification for the increase in the net debt of this country in the light of the very difficult financial circumstances through which we are passing.

It was rather amusing when the hon. member for Shelburne-Yarmouth was speaking the other day that he should taunt the right hon. the Prime Minister with not having set up a sinking fund. He said that the right hon. gentleman a few years ago when he was leader of the opposition declared that it was a very sound principle to have a sinking fund for the retirement of the public debt, and he taunted the Prime Minister with not having brought a sinking fund into being within the past three years. But was that a fair criticism? During the nine years of bounding revenues when hon. gentlemen opposite were in office not one cent was set aside for the erection of a sinking fund. Those undoubtedly were the times when a sinking fund ought to have been set up, but in these days when we are in the greatest depression and economic chaos the world has ever seen, we are taunted with not having set up a sinking fund.

Then my hon. friend from Shelburne-Yarmouth turned to the trade question, and I invite the house to observe some of his statements in that regard. I thought he was particularly unhappy in his treatment of the trade question in this country.

He says that our total trade is down fifty per cent from 1931. He says, further, that our tariffs were put up in May, 1931, and then down went imports and down went customs revenue. Our trade, he says has dwindled to pitiful proportions, and in the amendment it is declared that our policies have been proven to have diminished trade.

I ask hon. members to note well those observations by the hon. gentleman. Our trade, he says, is down fifty per cent. What do we mean by trade? He of course measured our trade entirely by the dollar yardstick, by its value, but is that a fair yardstick?

Mr. MACKENZIE (Vancouver): It is.

Mr. STEVENS: I think it is not. If we are sending out to the markets of the world a quantity of Canadian products reasonably commensurate in volume with what we were sending before, then I think we can claim that our trade is not in a bad state. Of course, the question of value enters into it;