

*The Budget—Mr. Reid*

during this session because of the serious war situation in which we find ourselves. I would not make that statement, Mr. Speaker, but for the fact that an impression has been gained in many parts of the country that those of us who do not speak are not doing our duty here as members of parliament. Each of us has been extremely active since coming here, but realizing the war situation, we have refrained from making speeches which otherwise might have been made.

There are one or two matters, however, upon which I should like to dwell this afternoon, but in so doing will endeavour to be brief. In my first words I should like to congratulate the Minister of Finance (Mr. Ralston) upon his splendid presentation of the war budget. At the same time I want to extend to the minister every good wish in the new position he is to assume very shortly, because we all realize the onerous and heavy responsibilities which fall upon the man holding the important position of Minister of National Defence at this time.

It is not my intention to deal at any great length with the various ramifications of the budget. It was generally well received by the people of Canada; in fact, I think they expected it to go much further than it did, and I believe they were prepared to bear even greater burdens gladly. I should like to make one comment, however, in connection with any future borrowings. The minister pointed out that he expected a total expenditure this year of well over a billion dollars and that the estimated revenue would be something like \$750,000,000, leaving an estimated deficit of between \$550,000,000 and \$600,000,000. At a time like this I do not believe the government should pay any greater interest on loans than the one and a half per cent which is paid by the banks of Canada. As a matter of fact, I believe that thousands of our citizens would gladly lend their money to the government at this time without interest, fully realizing and knowing that if we fail now, nothing else matters. I believe some explanation is due the house—and I hope it will be given before this debate is ended—with regard to the interest paid on some past loans. In May, 1939, we borrowed \$95,000,000 at one and a half per cent. Later in the same year we borrowed \$200,000,000 at two per cent. In February of this year we raised \$250,000,000 at three and a quarter per cent, and I understand that the greater part of that loan was taken up by the financial institutions of the country. Then we have the war savings certificates, on which the rate is three per cent. I am going to urge upon the Minister of Finance, whoever he may be, and upon the government, that in

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any future borrowings during these trying times we pay no more than allowed by the banks, namely, one and a half per cent.

I am not going into the question of finance generally, although I might very well do so. Sometimes, however, when the leader of the Social Credit party (Mr. Blackmore) holds forth with regard to changes in our monetary system which will have to take place, I hear some hon. members laugh, while others call out "funny money." In my opinion the world is changing, and many of us will have to give up our old ideas. To those who laugh so loudly I would direct this question: How many members here could rise in their places and explain the present monetary system?

Mr. JOHNSTON (Bow River): There is the first good Liberal I have heard in this house.

Mr. REID: The other evening the leader of the opposition (Mr. Hanson) and some other hon. members were speaking of the increasing cost of government, and something was said about the bureaucracy which exists in Canada at the present time. I do not want to be misinterpreted, in what I am about to say, because I am all for the civil service merit system; but unconsciously we have built up a bureaucracy which has become almost, if not entirely, our master. Why, Mr. Speaker, I could name government departments here in Ottawa with which no minister can interfere. They have been left on their own too long. That is what ruined France; it is, I believe, injuring Great Britain very seriously, and unless we control this evil now I am afraid it may strangle us also.

I am afraid I do not quite agree with the Minister of Finance with regard to the tax on motor cars. Personally I should like to see them banned entirely for the duration of the war and our factories turned over to war work. Be that as it may, however, the minister pointed out that the graduated tax on motor cars was imposed not so much for the purpose of revenue as with the intention of keeping Canadian dollars in this country. I am glad the government is taking that view at last, because I am thinking of the farmers in Canada, particularly in British Columbia, who for many long years have been subjected to the importation of fruits and vegetables for which we are spending millions of dollars yearly, although we grow them in abundance in this country. We have potatoes, turnips, onions, tomatoes and like vegetables in abundance here; and yet, Mr. Speaker, last year we sent across the border to the United States over \$4,500,000 for commodities which are