

cause for worry. I remember myself very well, living as I did at that time in the United States, when the public debt of the USA was something of the order of \$42 billion. They came out of World War I with a public debt of something over \$20 billion, and it rose to something around \$42 billion. Franklin D. Roosevelt, started his New Deal. He spent fabulous amounts of money he borrowed, the government of the USA borrowed fabulous amounts of money, and there were economists who said that when the USA reaches \$100 billion public debt, she's finished, that's the end of her. Well, sir, Congress passed a law that the public debt of the USA must not rise above I think it was \$75 billion. They put a limit on it — \$45 billion, Major Cashin says, anyway they put a limit on their public debt. Now, what happened? They borrowed and they borrowed and they borrowed and they borrowed. And today the USA has a public debt, I think, of a billion dollars for every day in the year. Somewhere around \$350 or \$360 billion — a fabulous amount, we can't conceive that amount. But the USA doesn't mind that public debt at all. They take it in their stride.

Now, there's one final point that needs to be made on this question of a public debt. It's not the size of a country's public debt that matters, if it is owed to its own people. Not that, but the total amount of taxes a man pays. A government collects a certain total amount of taxes from its people. It spends that money. Some of that money it spends to pay the interest on the debt — but only some of it. What really matters, therefore, is the total amount of taxation that the people pay, or to boil it down still further, what matters to each individual is the total amount of taxes that he pays. A part is never as great as the whole: the interest on the public debt is only a part, whereas the total taxes a man pays is the whole.... You see, we mustn't imagine that if we go into confederation the Government of Canada will then send each one of us a bill as our share of the public debt, or the interest on that debt. It's not done that way. We pay our taxes mostly according to our income or our earnings, and out of what they take from us in taxes, they use so much to pay the interest on the public debt. We don't need to worry about the public debt. If we need to worry about anything, it's about how much taxes we will pay, for those taxes will include something

towards the public debt or the interest on the public debt. We'll pay our share of the total taxes, and when we do, we can forget about the public debt because our taxes will help to take care of the public debt. And one of the really big things about confederation in my view is that most of our people, the great bulk of them, will pay less in taxes than they are paying now. That's all I wanted to say about this public debt question just now. It's nothing to get worried about. The Canadian people are not worried about their public debt, and we won't need to be worried about it if we go into confederation. The people of Canada are living well in spite of their public debt. I can guarantee you, Mr. Chairman, that there's more talk here in Newfoundland about Canada's public debt in one day, one day, then there is in Canada in a year....<sup>1</sup>

Now this afternoon Major Cashin explained what he meant when he said that Canada would take not the \$32 million a year that he told us at one point, but \$75 million. He explained that he was referring to our share of the public debt. Now, when a country owes a public debt, it's the interest on that debt that matters. And the interest on the public debt of Canada is around \$400 million a year. Three provinces of Canada — Ontario, Quebec and British Columbia — three provinces pay the Canadian government 89% of all the revenue that the Canadian government gets. That means that these same three provinces, if they pay 89% of all the revenue of the Government of Canada, then they pay 89% of the interest on the debt. Because the interest on the debt is only \$400 million a year, whereas the whole revenue is three, or four, or five times as much as that. So therefore these three provinces pay 89% of whatever it costs to service the public debt — 89% of that \$400 million.... That leaves only \$40 million to come from all the rest of Canada. What would our share of that \$40 million be? Pretty small. But whatever it is, it'll come out of the total taxes that we pay to the Government of Canada, which would be \$20 million a year. Now, where does Major Cashin get his figure of \$75 million? We're still in the dark on that, at least I am — still in the dark. I don't know where he got that figure.

Well, sir, that's Major Cashin's speech — what's left of it. He spoke for part of four days. He spoke many thousands of words. He's getting

<sup>1</sup>Gap in the recording.