

there are many people who have very hazy and very often very strange ideas about it. Here in Newfoundland we look at public debt quite differently from other countries, because we have had a very sad experience with our public debt. Our public debt has everything wrong with it that it could have. It was too big to start with. It was a crippling burden on us, a millstone around our necks. In the second place, it was owed to people outside the country — practically all of it. Instead of borrowing it from ourselves, we borrowed it from people in other countries — no doubt because we couldn't borrow it from ourselves because we didn't have it amongst ourselves to borrow it from ourselves. In the third place, we paid too much interest on it. We paid out scores and scores of millions of dollars in interest on our debt, and we paid it out to people in other countries. It was a terrible drain to pay out all that interest. I think in the Finance Report there's a table showing the amount of money that this country paid out over a number of years in interest that it had to send out of the country. I don't remember that figure, but I do remember compiling it myself years and years ago, showing that up to that time we had paid out over \$100 million of our hard-earned money in interest and we had had to ship that money out of the country altogether. In the fourth place, most of what we borrowed we spent for unproductive and often wasteful purposes. Yes, our public debt was the worst kind of debt a country could have. And it was very little credit to us that we had such a debt. Anyway, the day finally came when we found ourselves at the end of our rope. We couldn't find enough money even to pay the interest on our public debt. As a country we were bankrupt and insolvent. At that point Britain came to our rescue. She took over practically all our debts, guaranteed the principle and interest to the people we owed it to, and cut the rate of interest down to 3% per year. However, we still ... are draining our country, draining ourselves of millions of dollars just to pay the interest on our debt.

Now, Major Cashin says that Canada's public debt is \$17 billion. Actually, their debt is \$12 billion, because \$5 billion is what's called self-liquidating, or is otherwise an asset rather than a liability. But, \$12 billion or \$17 billion, it really doesn't matter very much at all because the big point is that practically all of it is owed right in

Canada herself — owed by the Canadian government to the Canadian people. The yearly interest on that debt is paid out to people living right in Canada. It hasn't got to be shipped out to people in some other country. The Canadian government has borrowed \$12 billion net from the Canadian people. And back to the Canadian people that government pays around \$400 million every year in interest. The money stays right in Canada where it can be used for capital to start industry, to employ people and produce still further wealth for Canada. Now that's one difference between Canada's public debt and our own, and a pretty big difference it is — the difference between a debt draining a country of its money and keeping it right in the country for further development.

There's another very important point. It's this. That a country's public debt is big or small according to the resources developed and undeveloped of that country. That is, according to whether the total amount of wealth produced in the country is enough to pay the interest on the debt without feeling it. On this test, Canada's public debt is a small one, for to find around \$400 million a year to pay the interest on their debt is scarcely anything at all out of the vast yearly wealth produced in Canada. They're producing over \$12 thousand million worth of wealth a year in Canada now — over \$12 billion a year. We must not forget that Canada is the third largest trading nation in the whole world. And out of all that fabulous wealth, to find \$400 million a year for interest is no burden at all worth mentioning, especially when we remember that the \$400 million is paid right back to Canadian people living right in Canada.... The national debt of Canada is owed to the Canadian people. It was borrowed from the Canadian people and corporations, and the interest on it is paid to the people and institutions of Canada. All the people owe all the money making up the national debt to some of the people of Canada. Interest on that national debt is paid to some of the people and collected from all the people generally....

President Roosevelt once said, when he was defending his policy of increasing the national debt of the United States, that it made no difference how high the national debt of a country is so long as it is owed to its own people. The Canadian people are well able to add a few more billion to their national debt before they'll have