

One could enumerate many evils of high taxation, amongst which would be such things as discouraging production, elimination of private enterprise, economic slavery, impoverishment of the people and a good many others. I have not time to deal with those here. But I want to emphasize one other evil which is rarely considered. I refer to the softening of the moral fibre of the people as the growing power of taxation transforms a social government into an anti-social state. Here, step by step, is my idea of the process of deterioration which takes place:

First, as more of the individual's production is taken by the state, the less he has for his own enjoyment, and the greater effort he must make to maintain himself or to better his circumstances.

Second, as ever-increasing portions of the production of his own efforts are taken from him in taxes, the more the dignity of the individual disintegrates under the hammering of want and the fear of it. On the other hand, the power of the state grows greater in proportion to the wealth it absorbs through taxation.

Third, as economic power is thus transferred from the individuals to the state, the individual very often is pressed by circumstances into bargaining for some of what was properly his by right of production. In the bargaining process he is often forced to surrender what have been considered his inalienable rights for a hand-out from the state. The hand-out may be relief, unemployment insurance, a place on the public payrolls, or a subsidy of some kind. But whatever it may be, the uneven bargaining demonstrates that the non-productive state has gathered economic strength and political power through taxation authority, while the productive individual has become a supplicant with cap in hand. Moral disintegration has followed inevitably upon the heels of high taxation. We saw the ultimate of this disintegration of the individuals in Germany, Russia, Italy, and Japan where the power to tax made a shambles of all property rights. For further evidence we might look into the history of the fall of the Roman empire. I repeat, the power to tax is the power to destroy human dignity. Unless that power is used wisely and with restraint, it will destroy the moral fibre of a people. We are witnessing that very result in a measure to-day. Never before has the government of Canada been so nearly the all-powerful state. Never before has so large a portion of the wealth produced by individual Canadians been confiscated by the state. And what seems to me to be more ominous still, is the growing public acceptance of the doctrine that high

state taxation is an instrument for social good. For this we can thank that brood of theorists hatched out of the Marxist cesspool. The work of the missionaries of state paganism has been pretty thoroughly done; we now witness that it fills a righteous purpose to be robbed.

Continued high taxation is not necessary. The people of Canada must organize themselves for a determined and sustained effort to force a lowering of the burden. A united effort to this end will bring the minister and the government face to face with the necessity of a new approach to public financing, a new technique that will eliminate the debt-creating feature of the present system we have been following. It is largely because our system breeds debt that high taxation is resorted to. On the other hand, continued apathy on the part of the people will result in continued high taxation, with an ever-increasing proportion of the national income flowing in to strengthen the economic and political power of the state and an ever-growing tendency to Marxian paganism.

An examination of the budget papers will show that in 1945-46 the government confiscated by way of taxes 20.68 per cent of the estimated gross national product of the people. In 1939 only 9.8 per cent of the national income was taken for taxes. Past experience has indicated that Canadians can never again expect to reduce their burden of taxation to the 1939 level unless we get rid of the monopoly of credit which has usurped the powers of government. Last year taxes made up about seven-ninths of the total revenues the government received. All this taxation was paid in increased prices of goods and services; this is one of the main factors that make up the disparity between purchasing power and prices, and contributes to a periodical break-down of distribution machinery. Depressions in future will be inevitable if we persist in a public financial policy which levies for huge sums of confiscated money to pay interest on counterfeit money in the shape of bank credit.

I turn now to a consideration of the main reason for high taxation—the national debt. The budget disclosed that Canada's funded debt has reached the staggering total of \$16,807,000,000 as at March 31, 1946. A study covering the period 1918-1939—the inter-war or peace period—reveals that the total debts of all the governments in Canada increased each year by an amount approximately equal to the interest on the debts for the year. Thus it cannot be said that Canada in reality ever paid the debt interest even in times of peace; and much less in times of war.