

Special War Revenue Act

so low that it produces no revenue, as a result of which they will have to submit to such taxation as the minister is suggesting to-night. The public must finance the government; the public must find the money. If they do not find it through indirect taxation, through the customs tariff and so on, they must find it through direct taxation on necessities. In this budget we have an illustration of what a high tariff which keeps out commodities and brings in no revenue may cost. Let me say to my low tariff friends that we would have exactly the same illustration if we had a free trade tariff; the revenue would have to be found by direct taxation.

Mr. DUFF: But it would not cost the taxpayers so much.

Mr. MALCOLM: Probably not. I appeal to the minister on this point; he cannot possibly change the policy of the government, but there are some things he can do. Without any blare of trumpets he can trim the cost of administration here, perhaps not so much as would be done in private business but still to a substantial extent. Without any legislation he can clean up a lot of nuisance regulations in the Department of National Revenue, which will be a great help to the business community of this country and will increase his revenue. Without any abandonment of policy at all he can revise some of the items in his customs tariff which will bring in a very much more substantial revenue than he enjoys to-day. I say to the minister in all sincerity that I do not even want to retort to what he said about the load the government inherited from the previous administration. I came into this house in 1921, together with a number of hon. gentlemen I see about me this evening. Then the deficit on the national railways was \$60,000,000 a year; then there seemed no possible chance of balancing the budget; then the clouds, while not quite so dark as they are to-day on the political horizon, were so dark as to cause hon. gentlemen then on this side of the house severely to criticize the government for everything they did. I sat in this house in 1929, when our trade had expanded to a proportion we had never dreamed of, and when we had a little unemployment. I heard hon. gentlemen opposite utter the most violent criticisms of the government then in power. I heard them criticize our whole tariff policy; I heard them say it was a complete failure and that ours was the worst government Canada had ever seen. I think the Minister of Finance can say truthfully that in comparison with the violent criticism to which the late government was subjected during the

[Mr. Malcolm.]

session of 1930 anything we have said in criticism of this government might be termed soft words indeed. We have tried to be fair; personally I want to be fair. I realize the responsibility of government and I understand the difficulty of running departments, but I say to the Minister of Finance that nothing in the way of nibbling taxation is going to cure the situation. The Prime Minister used the expression that the surgery has to be deep, and it certainly has. These are unusual conditions, and unusual methods must be adopted. I believe that at the moment the people of Canada are ready for unusual happenings; I do not believe they are going to criticize the government of the day but will rather compliment them if drastic measures are taken to reduce the cost of administering this country. Many people talk about the cost of government in Great Britain. The taxes the British people pay are not, if at all, very much higher per capita than in this dominion. When we take our municipal, provincial and federal taxes and divide them by ten million we find that the Canadian taxpayer is to-day paying taxation equal to that paid in Great Britain, or at any rate nearly so, and it is a load which he cannot continue to pay out of his present revenue.

Now, where lies the future? It is always very easy for a member in opposition or on the government side to demand expenditures when money is coming into the treasury freely; we have all done it. Hon. members sitting opposite, when they were to the left of the Speaker, were just as anxious for estimates in connection with public works as were members behind the government. Well, if we failed to be cautious enough in those days, certainly we should be courageous to-day. The ordinary business man is courageous. We are not closing down our mills. We are cutting down expenses to the bone and reducing salaries to the vanishing point. Our men are taking low wages and buckling in, trying to save the business ships of the dominion. That is going on to-day from the Atlantic to the Pacific. Then how do the people feel about the cost of government? There certainly is a realization on the part of the Canadian people, greater than ever existed before, that governments have only such money as they take from the people with which to administer their affairs. Any delusion that ever existed that the government has some way of obtaining money other than by taxation has been amply dispelled in the last two or three years. I venture to say that there never was a year in which a smaller percentage of the income tax was paid on the first day than