

May 1st, 1933.

OFFICIAL COMMUNICATION TO THE MINISTER OF FINANCE

The Executive of The Canadian Chamber of Commerce has for acknowledgment your letter of April 24th concerning current Government expenditures and taxation.

The Chamber has purposely avoided pointing out where economies should be effected. It is believed that the Government itself has at its disposal the necessary information as to the details of controllable expenditure to enable it to proceed with further economies. To any internal economy committee which may be working at the present time, the Government might be well advised, however, to add one or more outstanding business men, following the procedure adopted in the appointment of the recent May Commission in England.

If such a step were decided upon, The Canadian Chamber of Commerce would be prepared, if desired, to help in selecting with the co-operation of the Government a small committee of outstanding business executives, who are in touch with national business affairs and who, if issued a Royal Commission would give their time and counsel without compensation to assist the Government in surveying the field for further economies.

May we remind you that our previous statement to you was not to the effect that economies had not been made these past three years. We recognize that economies have been effected and we believe them to be steps in the right direction. What our recommendation set out, however, was that the present Federal Budget, while adding to the heavy burden of taxation, does not indicate that economies have been adopted to the degree necessary to meet the present serious conditions. At a time when all forms of private enterprise have been obliged to initiate most drastic measures of economy, we believe it to be the sentiment of the public that the Federal Government should apply the same principles in the conduct of the country's business. In your letter to us, the estimated expenditure for 1933-34 is set at 445 millions of dollars. Of this amount interest charges totalling \$138 million are uncontrollable. Further items amounting to \$175 million are perhaps susceptible to partial control only, and the balance of \$132 million may be qualified as controllable. It is in the second and third categories, particularly the last, that we believe further drastic economies should be made.

With regard to your own statement "it is erroneously assumed that reductions in controllable expenditure could be made to such an extent as to balance the budget without resort to additional taxation", it may be pointed out that what the Chamber recommended was that "the economies already proposed should be further extended to permit of the National Budget being balanced at the earliest possible date". Unless controllable expenditures are drastically cut, we are only adding to our national debt which puts off the day when the Budget can be truly balanced and which automatically means higher direct or indirect taxation all round.

We believe that the Chamber and the public at large have the right to concern themselves with the burden which Government expenditures or a lack of their sufficient curtailment, involves.

We continue to submit, moreover, as stated in our earlier communication that Canada is a much over-governed country and that we believe it is possible to effect further reductions and rearrangements of the public service.

Canadian public opinion from the Atlantic to the Pacific is conscious of the present need for drastic economy. We must reiterate this point of view to you as our assurance has been made doubly sure these last two weeks through the many public meetings which have been held across the Dominion and from the correspondence which has been received at our National Headquarters.

May we assure you that we appreciate what has already been accomplished in the direction of economy, realizing the difficulties with which the Federal Government is faced at the present time. May we further assure you that in so far as the Chamber and its members across Canada are concerned, any further undertaking to reduce public expenditures will be acknowledged in a spirit of sympathetic co-operation and gratitude.

Secretary.