

ing as an incidental benefit which ultimately might become a very great benefit not only to the people themselves but to the governments of Canada, provincial and municipal as well as federal. Let me say to my hon. friend that while I know he can speak for those whom he represents there are thousands and tens of thousands of people in Canada who have never properly come to the realization of the fact that government money is their money. Even to this day my correspondence discloses that fact, and it only supports what has been my experience in public affairs for the last twenty-five years. But when I made that statement I do not want the thought to prevail upon the committee that this was the reason for the imposition of the tax.

My hon. friend has suggested that the tax should be reduced. If we reduce this tax we must make up an additional sum by some other form of taxation, so ultimately it comes back to the people themselves. If we realize the full yield of all the taxes we are imposing we will barely meet our expenditures upon current account alone. We cannot possibly do less and preserve our national credit. I realize just as well as my hon. friend does how hard conditions are to-day and how dire is the necessity with respect not only to families but also individuals, and I repeat what I have said on other occasions, that it is to be regretted that during a period in our history when people can least afford to pay taxes, because of the very conditions existing at the moment they are called upon to bear a heavier burden. That is a tragedy, but any government so weak as not to face the situation and maintain the national credit would bring about a condition which ultimately would result in a cost to the people themselves far greater than is involved even in this sugar tax.

Mr. ELLIOTT: I do not want to take up the time of the committee unnecessarily, but in answer to my hon. friend might I suggest that the class of people to whom he refers, who do not yet realize that all taxation bears upon the people themselves, are those to whom he should look for the additional revenue which he now requires. I have no doubt that in this country there are many people to whom that fact has not come home as intimately as it has come home to the great masses of the people upon whom this tax will bear. So I say to the minister that if this is the fact—and the minister knows it better perhaps than anyone else in this house—then I suggest that he should cut off half this tax on sugar and make up that amount by a further tax upon the people who have not yet

[Mr. Rhodes.]

realized that there is heavy taxation in this country. I believe there is a class of people who could stand the burden better, while the people upon whom this tax will bear cannot stand further taxation than they have been carrying during the last few years.

I hope the committee will not think for a moment that I do not realize the difficulties confronting the Minister of Finance; I do believe that we must endeavour to balance the budget as nearly as possible. I agree with the hon. member for Prince that every expenditure that can be avoided should be avoided at the present time, but I urge this suggestion upon the minister, particularly in view of what he has said because I believe he knows and has studied conditions very seriously. I believe there are many people in this country, the people to whom he has referred, upon whom the burden of taxation has not rested as heavily as this taxation will rest upon the great mass of the people, and I suggest that the minister see if he cannot impose additional taxation upon those people and so relieve those upon whom this tax on sugar will bear most heavily.

Mr. EULER: I think anyone who wishes to be reasonable must appreciate the plight in which the Minister of Finance finds himself in trying to raise revenue. I have a good deal of sympathy with what he says in regard to the demands made by boards of trade and others that he balance his budget by eliminating further expenditures. I quite agree with the minister when he says that even if he should cut out all the so-called controllable expenditures he would still have a deficit of from \$25,000,000 to \$30,000,000; I think that is quite true. I believe it is also true that some further savings could be made in what are known as our controllable expenditures, but those savings would not be sufficient to balance the budget. I have no doubt that even the present budget will result in a deficit next year of perhaps from \$90,000,000 to \$100,000,000. The lesson I think we might learn from that—and I think the government, parliament and the country will have to learn it—is that some or at least one of the large items which we now regard as uncontrollable must be made controllable. I am now referring to the national debt, and the interest we must pay upon it. Perhaps I am uttering a heresy when I make that statement, but I believe that by some means or other, legislative or otherwise, we will have to come to the point where interest, not only upon the national debt but upon municipal and provincial and perhaps other debts will have to be reduced.