

taxes. Let me remind hon. members that the last year Sir Charles Tupper was here, when Sir Wilfrid Laurier came in, they required only \$36,000,000 to operate the whole country. Now we are spending about \$1,700,000,000. Then look at the provinces. Ontario used to get along with \$6,000,000 a year. Today Ontario expenditures total \$127,000,000. Then you go on to the municipalities, and where it is all going to end I do not know.

As I have said before, the most important problem facing us at the present time, into which everything fits and on which everything depends, can be expressed in this way: parliamentary reform, constitutional reform, cabinet reform and law reform. Would it not be in the public interest, Mr. Speaker, if we had the municipal system, under which in committee of supply a private member could rise and move to strike so much money out of the estimates? We cannot strike a dollar off this tax rate, so that all this debate does not mean anything. If a dollar is struck off the tax rate and the government is defeated, it must resign. I say that is a wrong principle. It is my belief that we should change our committee of ways and means so that it would be something like the system they have in Washington, under which congress has some say about the tax rate. If they see fit they can reduce the amount by hundreds of millions of dollars. I believe something similar would be in the public interest in Canada. Something should be done about it.

On February 17, 1937, as reported at page 973 of *Hansard*, I said:

A lot of provincial legislatures were created. These are all spending money and the result is over-taxation. These provinces are nothing but a lot of Balkan states fighting among themselves, and the taxpayer is made to pay. The shortsightedness of this act of 1867 should not be allowed to continue any longer because it has brought about in Canada the creation of a state equivalent to slavery among our men, women and children.

And at that time I referred to the over-taxation of the workers and the toilers who have to pay taxes. In my opinion something should be done about it. The provinces of Ontario and Quebec are paying over 75 per cent of the cash taxes of the dominion. Ontario is the forgotten province in confederation. It gets little or nothing, because the Ontario members do not stand together, as do the members from the Pacific coast and from the maritime provinces.

I believe the day is not far distant when something will have to be done about it. Certainly the dominion-provincial conference

should have been reconvened long ago, and something should be done to give Ontario some assistance in this way. As hon. members know, the island of Montreal is represented by five federal cabinet ministers. Since 1935 we in the city of Toronto have not had one minister of the crown to represent us in parliament. And this is the condition, despite the fact that our taxes are going up by leaps and bounds, including income tax and sales tax. Receipts from the post office department operations in Toronto were over \$13 million in one year. Consider the tax rate, and remember that we have no direct representation in the cabinet. It was in respect of that principle, taxation without representation, that the American colonies rebelled at the time of the Boston tea party, away back in the days of the American revolutionary war.

In my opinion too much of this budget—at least 50 per cent of it—is made up of indirect taxation. This comes from sales tax, and other forms of petty nuisance taxes. The other 50 per cent is from direct taxation. I believe the time is not far distant when we should have some relief from the panic of reckless expenditure which has been going on—spending money like water. Because, do not forget this, that considerably more of our budget should be charged to capital account, and less of it charged to income. This generation has to suffer, in flesh and blood, as well as bear the brunt of pay-as-you-go taxation. We cannot have a pay-as-you-go principle, in view of the gigantic war payment expenditures we must make, amounting to four or five billion dollars in a year.

Something should have been done to eliminate these nuisance taxes which, so far as the working classes are concerned, yield very little profit or revenue to the government. We should have drop letters at one cent in the cities and three cents in the country. Then, in addition to that the nuisance taxes on soft drinks, chocolate bars, and nuisance taxes in other forms should be eliminated almost immediately. But nothing has been done about it. The removal of many of these controls which have hamstrung the public and private business, both wholesale and retail, should have been accomplished long ago.

The key to the solution for inflation is production. Then, we are met with increased prices for coal, milk, rent, food, and many other commodities. The price of butter has gone up ten cents. The time has come when we will have to have a system of checks and balances every year. When one examines the income tax he finds that it is not a reduction of 29½ per cent on the tax levied against many