

done, as they are probably as familiar with it as I am; but, with a view of directing attention to the activities of other governments, more particularly those of our Allies, may I refer to a few figures in dealing with this very important question? Let me instance as an example the statement made by the late Prime Minister of Great Britain, Mr. Baldwin, who, before going out of office, said:

Those in charge of the public purse since the first year of peace have reduced the expenditures of the country from over £2,000,000,000 a year to but little over £800,000,000. The staff in the Government offices have been so greatly reduced that there are now only ten per cent more officials at work than before the war.

That is to say, it was reduced from war-service establishment to within ten per cent of pre-war conditions.

And here it must be remembered that the work of the public administration has been enormously increased owing to the pensions and other services introduced during and caused by the war. Though nearly half our income goes to the payment of interest on debts, we have in three years out of income reduced our debt—

And honourable gentlemen will have noticed the activity of the British Government three years ago.

—we have in three years out of income reduced our debt by £450,000,000.

Which represents over \$2,000,000,000.

Since the Armistice we have nearly halved the floating debt. It was £1,500,000,000. It is now only £800,000,000. We have paid off in addition all our foreign debt, except to America, we have balanced our budget, and we have established a sinking fund. These things have been hard to do, but we have maintained the credit of the country.

Now, may I point to what the United States has done since the cessation of the war? And may I preface this statement by some sentiments expressed by President Coolidge upon the importance of dealing seriously with this particular subject?

For seven years the people have borne with uncomplaining courage the tremendous burden of national and local taxation.

These taxes must both be reduced.

The taxes of the nation must be reduced now as much as prudence will permit, and expenditures must be reduced accordingly.

High taxes reach everywhere and burden everybody. They bear most heavily upon the poor. They diminish industry and commerce. They make agriculture unprofitable. They increase the rates on transportation. They are a charge on every necessary of life.

Of all services which the Congress can render to the country, I have no hesitation in declaring this one to be paramount.

To neglect it, to postpone it, to obstruct it by unsound proposals, is to become unworthy of public confidence and untrue to public trust.

The country wants this measure to have the right of way over all others.

Now let me point out to you what the United States has done:

Hon. Sir JAMES LOUGHEED.

The United States last year reduced its liabilities by nearly two thousand million dollars. When the war ended the American Government appointed a non-political commission to investigate the then existing expenditures, and to bring in an economy budget. War-time staffs were cut to peace-time proportions and savings were put into effect in all spending departments. Consequently last year the United States treasury showed a surplus of \$323,000,000. The American Secretary of the Treasury is now proposing to give this entire sum of \$323,000,000 back to the people in the form of relief from war-time taxes. He has announced a reduction of income taxation, repeal of amusement tax, of certain stamp taxes and other taxes.

I need not enlarge upon the necessity of Canada marching in step with the United States. My honourable friend from Lambton (Hon. Mr. Pardee) has stressed that point, and it is obvious to everyone present that, if Canada is to keep abreast with the United States, if our people are not to be absorbed by the Republic on the other side of the line, living in this country must be made as cheap as it is in the United States. And just here may I refer to the debt reduction of the United States?

The public debt of the United States has been cut more than \$4,800,000,000 in the four-and-a-half years since the Great War indebtedness was at its peak, August 31, 1919.

Figures made public to-day by the Treasury show that at the opening of business Saturday the national debt was \$21,781,966,852. It has been reduced \$933,000,000 in the last year.

And, again, may I quote in reference to the proposals of the United States in regard to the reduction of income tax. Anyone who has the breath of patriotism in him, and who desires to see Canada make progress and hold its own with the United States, must give most serious attention to problems of this nature. On an income of \$3,000, the Canadian scale is \$40, the American scale nothing. On an income of \$4,000 the Canadian scale is \$80, the American scale \$15.75. On a \$5,000 income the Canadian scale is \$120, the American scale \$38.25. On an income of \$6,000 the Canadian scale is \$150, the American scale \$72. On a \$7,000 income the Canadian scale is \$270, the American scale \$99.

Now honourable gentlemen, this is a serious problem. This country cannot maintain the rate of taxation under which we are labouring to-day, a taxation which has to be paid by the people in middle life who constitute the masses, and yet compete successfully with the United States.

Hon. Mr. CASGRAIN: How do they go when they get into big amounts?

Hon. Sir JAMES LOUGHEED: The United States proposes cutting the super tax by twenty-five per cent.

Hon. W. B. ROSS: Thirty-three and one-half per cent.