

*Special War Revenue Act*

taxation, how much the bill was which he was presenting to the people of Canada. This is what he says in his budget speech, at page 3223 of Hansard:

After making allowance for this estimated reduction of \$14,000,000—

That is what he spoke of a moment ago:

—ordinary expenditures will be approximately \$68,000,000 in excess of revenues estimated on present rates and yield. Accordingly it is proposed to recommend measures which will, it is anticipated, produce at least \$70,000,000 on the basis of present business conditions, leaving a surplus of \$2,000,000.

I leave it to the judgment of the house and the country which is correct, my hon. friend or the Montreal Gazette and myself in saying that my hon. friend is presenting a bill for \$70,000,000.

Mr. RHODES: And one of the measures proposed was a saving of \$14,000,000. That is the answer.

Mr. RALSTON: Oh, no. You say in your budget speech, "after making allowance" for that.

Mr. DENIS (Translation): Mr. Chairman, as representative of the thickly populated riding of St. Denis, I wish, on behalf of my constituents, to protest against the two cents sugar tax. By levying this impost the government has once more given proof that it has greater consideration for the wealthy than for the poor. The time is ill chosen to levy such a tax when there are 1,300,000 unemployed in this country, who find it impossible to earn a livelihood or obtain sufficient fuel to keep themselves warm during the cold winter season.

The hon. Minister of Finance (Mr. Rhodes) replied to the hon. member for Shelburne-Yarmouth (Mr. Ralston) that the government had levied this tax to meet the extravagant expenditure of the late regime. To illustrate his point, he mentioned the construction of the Montreal harbour bridge. It would have been more to the point had he alluded to the \$2,000,000 that the government expended to complete the Welland canal, and this without authorization, unless it be that of the Minister of Railways and Canals.

I think that under the circumstances, the hon. minister should have sought elsewhere the funds necessary to balance the deficits of the present administration. The tax on numerous articles of luxury could have been increased without unnecessarily burdening the poorer classes of ratepayers. I therefore wish to strongly protest against such taxation be-

[Mr. Ralston.]

cause it affects the unemployed who cannot afford at present to pay 2 cents more on the sugar they need. Those who still possess wealth could well afford a tax increase on articles of luxury such, for instance, as diamonds, jewels of all kinds, pianos, expensive furniture and chocolates. The tax could have been increased on numerous manufactured products such as aeroplanes and automobiles without ever affecting the consumer or the unemployed. I thought that in view of the many protests coming from all parts of the country, especially from the humble, the small wage earners and unemployed, the government would have acquiesced in the view of these people and dropped this tax. Such an act would have gained for them new followers; and they need them, because the government have given proof to-day that their policy is to destroy rather than construct.

Mr. MALCOLM: I had not intended to make any further observations concerning the two cent tax on sugar, but I cannot let the remarks of the Minister of Finance in reply to the hon. member for Shelburne-Yarmouth go without a word in reply. Undoubtedly the minister deserves the sympathy of the people of Canada. He states he is a victim of a set of world conditions; he is also the victim of a mistaken policy. The minister said that we did not help the taxpayer by saying the government was extravagant. I say to the minister we are not telling the public that the government is extravagant; we are telling the government. By making such demands on the government to reduce their budget we are trying to help the taxpayer. Any references from this side of the house to the extravagance of the present administration are made for one definite purpose, namely to have the government realize that in this time of stress, whether it be due to world conditions or to mistaken policy, the government has exactly the same obligations as those which rest upon every business in Canada, namely to trim its sails according to the wind it is facing. The government cannot ride the gale with the amount of canvas they are carrying, they will flounder in the trough in the sea and be lost.

I know the Minister of Finance would not dare to say, nor would any hon. member in the house, that the cost of the administration of any government in Canada, whether it be municipal, provincial or federal, has been reduced to one-quarter the extent that costs in private business have been reduced. There is nothing comparable in the history of this dominion to the reductions in overhead costs