

\$866,000,000, while the ordinary expenditures in 1931 alone were \$920,000,000. Not only have we had these ordinary expenditures, but almost all governments have been getting by through adding to our debts. Debts have increased even faster than ordinary expenditures, the per capita increase being 147 per cent of the rate of increase in ordinary expenditures. The expenditures in debt service during 1930-31, the last figures given by Mr. Evans, amount to \$225,603,554, or one quarter of the entire expenditures. It is an appalling situation. Governments have become vast debt collecting agencies; we exist very largely in order to gather from the little people all over the country huge sums, of which then we turn over a very considerable proportion in the form of interest.

Here is another table given by Mr. Evans. The per capita taxes in 1895-96 were \$10.94; in 1904-05 they were \$15.98; in 1913-14 they were \$31.20; in 1921-22 they were \$66.10, and in 1929-30 they increased to \$77.08. Taking the census return of 1921, and taking the average family as consisting of 4.62 persons, the average tax per family in 1913-14 was \$144.14, while in 1929-30 it was \$356.10, or almost two and a half times as much, practically \$30 per month. It is all very well for the Minister of Finance to say that we have a sound financial structure. I do not see how we are going to struggle along under this load very much longer.

In a recent number of the Canadian Forum Mr. D. C. MacGregor contributes an article entitled *The Threat of Financial Crisis*, in which he gives us some idea of what this enormous debt load really means. I quote:

... one-fifth of the national income is being diverted by taxation already, it has almost reached its limit. In order to pay their taxes (which includes paying themselves bond interest), Canadians now work for the common treasury for two and one-half months in every year.

I wish I could have brought that statement to the attention of the hon. gentleman who preceded me. He spoke about little cuts here and there; he tried to show how the advantages derived by the farmer under this budget would offset all the disadvantages in the form of higher taxation on sugar and so on, but just think what our taxes really mean to us to-day. Out of every twelve months we work two and a half months for the state, just in order to pay the taxes. Consider the bondholders to whom we are paying such tribute. I continue to quote:

During the nineteen twenties the holders of government bonds received four per cent of the national income, and were quite satisfied. To-day they are receiving more than seven per

[Mr. Woodsworth.]

cent of the national income, and with that larger share they can buy from fifteen per cent to thirty per cent more goods than when the bonds were issued. They have gained richly at the community's expense, without rendering any corresponding service in return, due to the catastrophic fall in prices.

Mr. MACKENZIE (Vancouver): Whose words are those?

Mr. WOODSWORTH: I am quoting from an article by D. C. MacGregor which appeared in the Canadian Forum. In connection with this payment of the interest on our bonded indebtedness may I suggest that it is absurd that we should continue to pay a premium to the Canadians who happen to hold bonds payable in New York. I think it a disgrace that a certain group of Canadians should thus profit at the expense of the great masses of the Canadian people. The Dominion Bureau of Statistics estimates that the total of the bonds so held, including only the direct obligations of the dominion, the provinces and the municipalities, is at least \$600,000,000. I would suggest to the Minister of Finance that if he wants to raise a little more revenue he should collect that extra premium. There is no earthly reason why Canadians who hold such bonds should not have to subscribe very liberally to the cost of carrying on the affairs of the country.

The situation has become impossible. We might cut down our debts, but that is not suggested at all. Rather the Minister of Finance is intent on as nearly as possible making his budget balance, and he intends to do so by cutting down expenditures. He calls the interest charges on the debts uncontrollable and takes it for granted that they will be paid one hundred per cent. It seems to me that the time is rapidly approaching when we will have to face the cutting down of our bonded indebtedness. This might be done by a reduction in the face value of the bonds; it might be done by converting these bonds so that we would pay a smaller rate of interest, or it might be done by inflation. We in this corner of the house are inclined to think that inflation would be the fairest and easiest way to carry out the operation. It is true that the Minister of Finance proposes a conversion loan, but he says it will be on a basis that will keep faith with the investors and will not in any sense involve a repudiation of existing contracts. I would point out to him that after all the bondholders to-day are receiving practically twice as much as they should receive, because to-day the dollar will purchase twice as much as it would buy when the bonds were issued.

It seems to me, Mr. Speaker, that the position is something like this: I believe that in