

OFFICIAL COMMUNICATION TO THE MINISTER OF FINANCE

The Canadian Chamber of Commerce is fully appreciative of the difficult task with which you are confronted in preparing the present budget. We realize that there are declining revenues and that there are at the same time abnormal demands upon the treasury which have to be met. To put the budget in balance, therefore, is no easy undertaking, although we are at one with you in believing that the budget should be balanced.

The members of our Organization — some 200 Boards of Trade across Canada — feel that there is an imperative need at the present time for the utmost economy in every direction, and particularly in non-productive expenditures on the part of all governing bodies — Federal, Provincial and Municipal. Toward this end we have been working through our National Committee on Economy in Public Finance and through similar Provincial and Municipal Committees across Canada. Extensive studies have been carried on which reveal our increasing government expenditures, resulting obligations and our mounting taxation. This research work has been acknowledged as most valuable by the Prime Minister, and the press publicity given to our research findings has helped to crystallize a growing public opinion which should strengthen your own hands in balancing the budget through the practice of the most rigid economy.

In order to aid the Governments in their efforts toward economy, the Canadian Chamber has also been strongly urging its member Boards, as well as other bodies and citizens, to refrain from pressing for the expenditure of public funds for any purpose not absolutely necessary for the maintenance of efficiency in Governments.

It is becoming generally felt that the Federal Government and in fact all Governments of Canada cannot continue to spend, as they have been doing these last 18 years \$134 for every \$100 of income, nor can we as Canadians long endure as happened in 1930-31, having our taxes increased 14.4% when compared with our ability to pay which had fallen 21%.

The sources of taxation upon which our public administrations depend, are failing. We need not be alarmists to foresee the general sources of taxation this year will not yield the taxation revenue of 1931 or 1932. It is only logical, therefore, that expenses must be cut with determination and without fear or favour.

Public finance is properly judged by the burden it imposes on the people. According to the British constitutional theory, the Government naturally has to assume the responsibility for the details of expenditure. The public on the other hand, can only concern itself with the effects and the consequent burden upon the people which such expenditure involves. We believe, therefore, that we are on sound constitutional ground in urging that the general burden today is too great and that the budget must be really balanced. Not only is this necessary as relief for the taxpayer but is vital in maintaining that credit standing of the country which will have such an important influence on the future financing of the Dominion. It is of course for the Government to decide on details. Business can only raise its voice to the Government definitely and without reserve in pledging its full support to such adequate reductions in controllable expenditure as will bring about a balanced budget. A decrease of some \$11,900,000 in aggregate estimates or 3.3% under those of last year — and these figures do not make allowances for supplementary estimates — is quite inadequate, in the opinion of our Executive.

We earnestly, therefore, lay the foregoing views before you with the assurance that the Government in adopting measures of economy for the balancing of the present budget, will have the full support of the business community as represented in The Canadian Chamber of Commerce.

Chairman.

President.

March 2nd, 1933.