

—because of the increased subsidies due to the provinces arising out of the increased population shown by the last census. We have to meet the interest charges upon the increase in the debt due to the fact that we are not able to pay out of current account not only for unemployment relief but for deficits on the Canadian National Railways. And every time we add to the national debt we add to the interest charge, which is fixed and inescapable.

The hon. member has spoken of possible reduction of expenditure. Again I am compelled to resort to making a statement without having notes before me, but let me say to him that during the last three years this government has reduced controllable expenditures, if in that sum is included the \$14,000,000 by which we expect to reduce expenditures this year, by no less a sum than \$81,000,000. Furthermore we have been at great pains, so far as the civil service is concerned, without placing any undue strain upon it, to save every possible penny we could. As a result of an order in council passed two years ago we provided that there should be no increases, that statutory salary increases should be abolished, that all positions then vacant should be abolished, that no post would be filled unless cause were shown in the individual case, and that as the attrition took place, which is natural in a civil service numbering at that time about 60,000 people, the vacancies arising through natural causes should not be filled, with the net result that we have reduced the civil service in the past two years by upwards of 4,000 employees, with a consequent saving to the public treasury of some millions of dollars. It may be urged that by more drastic economy we might be able to effect further savings, so far as so-called controllable expenditures are concerned. Let me point out, however, that if we reduced every cent of controllable expenditure, closed up our civil service, dismissed 56,000 employees, paid no members of parliament, judges, or lighthouse keepers, dismissed the mounted police, dismissed the penitentiary staffs—in other words, if we closed up the business of the country, with the commitments which we have undertaken we would still have a deficit this year of \$26,000,000. That is to say, if our revenues were equal to those which would be received upon the basis of the taxation imposed by the budget prior to this one, the deficit would be as I have mentioned.

The government would welcome any suggestions my hon. friend cares to offer as to how we might effect further savings. If I were to add together the accumulated de-

mands which are made upon the treasury, not only from outside sources, but by those who are the first to criticize the government because it does not reduce expenditures—and in that I include hon. members of this House of Commons—we would have added each year many millions to national expenditures. The best evidence we can obtain as to what the yield from a given form of taxation may be is from those who have been in the public service for years and have served the country faithfully, men who have had a background of many years of experience; but even the best intentioned officer or the best intentioned Minister of Finance is not a seer. He cannot project his mind into the future and tell exactly what conditions will be. My hon. friend wants to know what these taxations will yield. Our estimate is that altogether they will yield \$57,000,000, but that figure will be subject to change, because there have been some variations.

Mr. McINTOSH: That includes \$20,000,000 from sugar?

Mr. RHODES: I have given the figure that was in our minds at the time the budget was brought down.

I shall now direct my remarks to the tax on sugar. I know it is not popular; no tax is popular. If there is one thing more than another which strikes me daily it is this, that the people of the country at large have a realization that the government must have additional revenue. Invariably, however, the attitude is this: "We realize you must have additional taxation, but you must get it from somebody else—not from us." The bulk of telegrams I receive, and many of the letters, begin this way—I could read them, almost, with my eyes closed: "We realize that the government must have increased revenue, but you must get it from somebody else." The sugar tax will not be popular; I realize that. It may not be popular even from a political point of view; in fact, we may as well admit frankly that it will not be. But it will have one wholesome effect: It will serve to bring home to the people of this country the fact that the only money the government has to expend is the people's money, and the only money which comes into the treasury is that provided by the people. There are only two sources of revenue for any treasury; one is from the taxes which the people themselves pay, and the other is from borrowings upon which the people themselves must provide the interest through increased taxation. I believe one wholesome and beneficent result