

or they must agree with the proposals of this Government. **They have done, Mr. Speaker, not one of the three—absolutely not one of the three.** I await some other suggestion that will solve the problem. This Government is in its present position through no fault of its own. We are not responsible for the enormous expenditure undertaken before we came into office, we are certainly not responsible for the acts of the German Emperor in bringing on this war. Our problem was to devise ways and means. I call attention to what I said in August. My right hon. friend the leader of the Opposition says: You are taxing the poor man, you are letting the well-to-do man escape, you are taxing necessities and not taxing luxuries. When I heard my right hon. friend say that I wondered if he had overlooked the August session. I taxed practically to the limit, liquors, cigars, and tobacco, and I said at the time that I expected my fiscal proposals would on the basis of this past year raise a revenue of about \$14,000,000. But I subtracted about one-third from it and I thought we might get an income of \$10,000,000 if things were at all as we expected. I pointed out that on account of the situation that existed, with the uncertainties and vicissitudes of a war like this, I put forward my view with the utmost hesitation and diffidence. I am on record as saying that. But I calculated that we might get in the neighbourhood of \$10,000,000 for a twelve-month year and I said that I hoped to get about \$7,000,000 for the balance of the fiscal year from August to end of March current. My hon. friend must not overlook that. I taxed there what are known as sumptuary articles, articles which are certainly not necessities but luxuries and which the people can do without. I taxed articles of that kind, and I calculated to raise a large revenue, and now I am confronted with the situation which I have disclosed in full to the House. And, what have I done? It is my duty to devise ways and means to meet the situation, and my only motive in bringing down these fiscal proposals is to enable this country to meet in part the expenditure of this war, and to maintain the credit of the Dominion of Canada.

I divided my fiscal proposal into two parts: special taxation and general taxation. My right hon. friend had a good deal to say about my special taxation, and he was pleased to treat it with a good deal of levity and some ridicule. I do not believe the right hon. gentleman understands it. My right hon. friend referred to the tax upon railway tickets, and let me ask him a question in connection with that? Is he not aware that it is a fundamental principle of taxation that if you carry a tax beyond a certain point—and it requires very nice discrimination to fix that point—you defeat your own purpose? This question of putting a tax on railway and pullman tickets is a matter that gave me a great deal of concern and I inquired into it most carefully. Let me tell my right hon. friend that, had I raised unduly the tax upon railway tickets the inevitable effect would be that those who live near the border in Canada would travel over the railways of the United States to their destination. It occurred to me at once that there should be a larger tax upon sleeping-car and parlour-car seats, but let us take the case of a person who is travelling from Montreal to Toronto, or from Windsor, or from Chatham, or from London, through to Winnipeg or Vancouver, and what would have happened if I placed a larger tax on railway tickets? Why, they would simply go to their destination via United States railways. I had to give attention to the same thing in connection with my proposal respecting the taxation of tickets upon steamships; I had to consider the competition of the United States steamship lines.