

sponsible for this, but I think they are responsible for it. In any event, whatever position the Government may take, the Board of Directors and the President of that Railway should have known better than to do any such thing. It is unprecedented in the history of this country, and I regret very much that it has happened. I hope there will be a thorough investigation of it. I say that this has created mistrust and lack of confidence in the Board of our National Railways in this country. I would not under any circumstances have placed in their hands such powers as are given in this Bill; but since that transaction I do not see how the Government itself could have as much confidence in them as it is desirable to place in a board possessing such administrative authority.

I regret very much the manner in which the accounts of this country are kept; and I believe that it would be far better to stop the pooling of our revenue. Long ago we should have had three classes of accounts. There should be one class representing the ordinary expenditure such as was incurred before the war; and the revenue for that should be raised in the same manner as before the war. There should be, secondly, a class including our war liabilities, and that money should be raised, it seems to me, largely by direct taxation; and if there is raised for that purpose more money than is needed to meet our war liabilities, reduce the debt, pay interest on pensions, provide for civil re-establishment and all that sort of thing, then the taxation should be reduced. The third class of accounts, which should be entirely independent of the others, are our railway accounts. It is scandalous that the money paid by the people of this country in taxes on incomes over \$2,000, should have to be used to meet the deficit of the railways of this country. The people of Canada do not know it, but I think that as soon as they learn it there will be found a way of reducing the deficit on our railways. In my opinion, honourable gentlemen, there should not be any such deficit. Our railways have no dividends to pay. The Grand Trunk system is one of the finest systems on this continent. I believe they should be self-sustaining, and economies should be instituted which would make them self-sustaining. So long as the Board of Directors of the National Railways feel that they may spend any amount of money they like, practice all kinds of extravagance, and just lean back and take the amount of the deficit at the end of the year out of the general treasury of this country, so long will you have deficits on these railways. Therefore I do not believe in

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the pooling of our revenues, and in my opinion, it would lead to better management and more economies in connection with our railways to abolish that system.

In addition to our burden of taxation and our railway deficit there is another very serious problem in connection with our railways. It is the question of freight rates. Passenger rates are higher than they were before the war, but they are not so important. The freight rates of our railways, what are known as the class rates, are between 80 and 100 per cent higher than they were before the war. In order to ascertain the increase in income of our National Railways, you multiply by 2, or a little less than 2, the revenues of the railways prior to the war. That tremendous amount of money is coming out of the pockets of the people of this country.

This situation is interfering with inter-provincial trade throughout this country. The fisheries of the Maritime Provinces, I am told, are not in a prosperous condition. Soon after Confederation the people of the Maritime Provinces started to develop industries, and at the present time they have many splendid industries, which are in a position to do, and are doing, business all over this country. I have had conversations with manufacturers in the Maritime Provinces recently, and I know of my own personal knowledge that they are finding the present situation most difficult and are losing trade with distant parts of the country because of the high freight rates. Furthermore, the people of other parts of the country who visit the Maritime Provinces are finding it difficult to do business there for the same reason. The people of the province of Quebec have had three bad crops in succession. We hear of troubles there, and of people leaving for the United States. From the Northwest, too, we hear a good many complaints. From the mouths of certain persons who live in distant parts of this country, chiefly in the East, I have lately heard statements, that they might have been better off had they not entered Confederation. We are confronted with these problems, and we are bearing this frightful burden of taxation, which is raising the price of commodities and making the cost of living higher than it should be; the high freight rates, which increase the cost of certain commodities shipped from the East to the Prairie Provinces from 5 to 20 per cent; this 6 per cent tax on gross sales, which increases the cost of commodities by 6 per cent, and perhaps more, before it is collected. We have heard the rumblings of dissatisfaction, which are largely the outcome of the high freight rates and the bad adjustment of taxation, and these evils are sapping