

Hon. Mr. DANDURAND: I think I can give the explanation to my right honourable friend, for I read the whole of the speech delivered in the other House.

Right Hon. Mr. MEIGHEN: I presume the goods are of the same nature as those mentioned in the preceding items.

The honourable leader of the House said, "We could not, of course, finance the cost of the war as it proceeds." I hope the Government will not go too far in attempting to do so. It is obvious that to attempt it would be to go away beyond the bounds of possibility. The danger is that if taxes that are too heavy are imposed they are likely to result in stagnation of business, and therefore deterioration of morale. That has to be very carefully avoided. As long as we can keep business going and in a healthy condition, and the spirit of the people normal, we shall be all right and shall be able to tax in certain directions pretty heavily because of special activity which will be evidenced in business. But, I repeat, care must be taken not to go too far in that direction. Taxes are already high, and there is a point beyond which you cannot go.

Having said that, I have only one other matter to bring to the attention of the Government in respect of financing the war. Everyone recognizes that the great financial burden of this war will fall on Great Britain and France, but chiefly on Great Britain. It did before; it is bound to again. We export heavily to the United Kingdom, and the burden on the people of the United Kingdom will become greater. We hope it will not become insupportable, but there is a danger that it may. Unless they are able to continue their exports against all war hazards and all tariffs, there will, after a time, be no way in which they can possibly pay for their imports. I suggest this. We ought to adjust our imports, by quota or otherwise, but more properly by tariffs if we can, so as to encourage British and French imports. I know we are tied by certain treaties, one very recently made with the United States—a treaty I have not criticized in this House at all—and possibly we cannot now make a horizontal increase on imports from that country. I do suggest the possibility should be explored of being relieved from that disability, so that if we had to we could put a horizontal increase on those imports. I know every effort will be made by purchasing countries, and there is evidence now that it is being made in a very vigorous way, to control prices. Nothing is more reasonable than that they should do so. The sea lanes are being kept open by the fleets of those countries and a market is thus

Right Hon. Mr. MEIGHEN.

provided for exporting countries, and Great Britain and France cannot be found fault with if they use every effort to prevent their being bled white by increased prices. Now, the country which apparently is likely to profit most from exports to the Allies is the country to the south. I speak in no spirit of jealousy of, much less of hostility to, that country when I say we should co-operate to the utmost with Great Britain and France to keep prices at a fair level, and help them to export their goods to us, so that we shall be able to get paid for our exports, and they will be able to finance the war. The struggle in finance will be comparable at least with the struggle in arms. I am sure the sentiments of the Government towards the problem are just the same as those I am trying to express, but I suggest that if there is any way of diverting purchases from countries not at war to Great Britain and her Allies, upon whom the great burden rests, we ought to do so.

Hon. Mr. BALLANTYNE: Is there not an escape clause in the treaty with our neighbours to the south? I think so.

Hon. Mr. DANDURAND: I cannot answer that question now. I will transmit it to the Minister of Finance.

I may say that the statement of the Hon. Mr. Ilsley represents the views of the Government as to financial policy. I believe my right honourable friend (Right Hon. Mr. Meighen) will approve the attitude of the Government in the matter to which he has referred: the applying of taxation in such a way as to benefit the revenue of the country, but not to hamper the development of our industries and their possible extension in many directions in the work which they will have to carry on to furnish war materials and provisions to ourselves and to Great Britain and our Allies. I was especially struck by the well-balanced views expressed by the Minister of Finance and his representative in the House of Commons. We shall meet again to-morrow, and I am quite sure my right honourable friend will in the meantime be able to get a general view of the Government's policy. It is surrounded with considerable prudence and, I should think, considerable wisdom as well. All these matters have been approached from different angles and will be worked out as we proceed. Of course, we do not know exactly what will be the line to be followed from month to month. If the war lasts a certain time, then through sheer necessity we may have to revise the views now held by the Finance Department. But we have the assurance that there is a healthy state of things in the country to-day; and by all means it