

more is required we shall give it abundantly. Having said that, I am bound to support the Government in so far as regards the money that is to be used for war purposes. The Finance Minister tells us that he will require in the near future \$100,000,000 as a principal; and that the interest on this sum and on the sum already borrowed will be approximately \$7,000,000 a year. He lays before this House a plan, to be followed later by a resolution as to how this \$7,000,000 is to be collected. He proposes special taxes on letters, bills of exchange, bills of lading, cheques and so on, which he tells us will give him approximately eight to ten million dollars. He tells us that it will take approximately \$7,000,000 to pay the interest on the war loan already borrowed and on the war loan he expects to borrow during the coming fiscal year. Now after he has taken that \$7,000,000 from the revenue he expects to get from the special taxes, there will still be a few million dollars to the good, which could be used for the nucleus of a pension fund, or for other purposes in connection with the war.

So far as I have gone, I am in entire accord with the Government of the day and with the proposals that the Minister of Finance has brought down. But the Minister of Finance has presented another resolution to the House. He tells us that he wants \$20,000,000 to make up the shortage, if I may so call it, between revenue and expenditure on consolidated account; and he proposes to tax, with a few exceptions, all raw material coming from foreign countries or from the United Kingdom. Mr. Speaker, I realize that this is not an easy situation to explain. When it was suggested yesterday, that the tax raising the duty on raw material now free to a 5 per cent and a 7½ per cent basis, and imposing light taxes on manufactured articles, was not a war tax and should not be considered as a war tax, the Finance Minister showed some heat. But I do not think he demonstrated last night that the customs tax he proposes is a war tax; and I must take issue with him on that part of his Budget. Inasmuch as the Government is borrowing \$100,000,000 from the British Government for war purposes, and imposing a special tax to raise the interest on that amount, I say that all full provision has been made for the \$100,000,000 and the interest thereon, and that it is not fair, it is in a sense misleading, to say that all the money that is to be raised is to be applied to war purposes, when, as a matter of fact,

[Mr. Loggie.]

it is going to consolidated account to make up the shortage between revenue and expenditure. But that is not all. On every entry that comes through the customs house in future, and that is coming through the customs house to-day, there is a clause at the bottom, "War tax, 7½ per cent," and in that way every merchant in this country gets the impression that the 7½ per cent is being used for war purposes, whereas it is going to make up the shortage between revenue and expenditure on consolidated account. But even that is not all. The merchant, having paid his 7½ per cent, tells his customer that he has paid 7½ per cent into the treasury for war purposes, and then he in turn charges his customer 7½ per cent. Let me illustrate what I mean by a letter from John Millen & Sons, a wholesale firm in Montreal:

We beg to advise that owing to the recent increase in customs tariff announced on the 12th inst., it will be necessary for us to advance our prices to meet this additional cost. Therefore, until such time as we can rearrange our list prices and discounts we will add the 7½ per cent war surtax to all invoices for imported lines of motor supplies, and we would advise you to make the same increase in your prices to your customers.

For the moment, I am not so seriously objecting to the 7½ per cent, but what I do seriously object to is that it is passed down from the custom house officials to the wholesale merchants and on to the customer that this money is for war purposes, when actually it is going to make up the \$20,000,000 shortage between revenue and expenditure on consolidated account.

I wish to say a word in regard to this increased taxation, because I shall support the amendment before the House. I regret I cannot support the whole proposals of the Government; but there are exceptions. I think it is only fair to say that, under the exigencies of the case, I am willing to hold up my hand and vote to-day for \$100,000,000, and I congratulate my hon. friend the Minister of Finance for being able to get this money so easily. And, further, I will hold up my hands and vote to-morrow for another \$100,000,000 if needed. I am willing to meet the exigencies of the situation in a liberal manner so that the Government shall not be handicapped in the prosecution of the war and in doing their full duty to the Mother Country as well as what is necessary for the protection of our own homes. The amendment reads as follows:

This House is ready to provide for the exigencies of the present situation and to vote all necessary ways and means to that end.