

ent from those which have been advanced by other speakers. I do not want to be a pessimist. I never have been a pessimist with respect to the development of this country; I always have been the very opposite. I do not want to advance arguments to-night which may be quoted in other places than Canada, and which may have a detrimental effect upon the development of this country and upon immigration and capital coming into this country. There is enough of that sort of thing going on in another place. But I think the time has arrived when we should do a little sane thinking.

We might as well realize, honourable gentlemen, that we have built railways for a population of 18,000,000 of people rather than for 9,000,000—and as I said before, I do not propose to say who is responsible or who is not. That is a matter which has been threshed out over and over again, to be generous regarding it, I think we might say we have all been overly optimistic.

But we have this railway situation on our hands to-day. I need not review the question of public or private ownership. That has nothing to do with my argument at the present time. The liability is upon us. The railways are operating, and we have to try to make the best of the situation.

I would like to draw the attention of the honourable members of this house again to the fact that the Finance Minister stated in his Budget speech that the deficit on our national railways last year was \$92,190,000. That money was raised by borrowing to the extent of \$50,000,000 and adding to our debt; the balance came out of the taxpayers of this country. Every man who has an income of over \$2,000 is taxed to help to pay that deficit upon the railways.

We have in this country almost every method of direct taxation that has been adopted either in Great Britain or in the United States; and we have some other methods of direct taxation that are not in vogue in those countries. On top of that we have lately added another tax—one which has been discarded by both Great Britain and the United States—a tax of 6 per cent on the turnover of certain industries. We therefore have a higher taxation than they have. Industry is being bled to a great extent, and is being paralyzed by this taxation. So much money is being taken out of the people of this country that it is impossible to find money for investment in new enterprises.

In 1913, the year before the war, our national debt was \$314,301,625 net. At the present time it is approaching the two and a half billion mark. This is chiefly owing to the war,

but is partly by reason of our railway policy. It is said that if the provincial and municipal debts of this country were added to the national debt, the total would amount to four billion of dollars for a population of under nine million people.

Hon. Mr. BELCOURT: Would my honourable friend allow me to ask him if that includes the Government guarantees on railways?

Hon. Sir EDWARD KEMP: No. I am very glad my honourable friend has asked me that question. Besides that, there is over \$300,000,000, as noted in the Public Accounts, which is represented by the bonds of our railways. That is not included in the national debt—and I am not sure whether it includes the Grand Trunk liabilities or not. I do not think it does.

Hon. Mr. CASGRAIN: No, it does not. The Grand Trunk liability is \$500,000,000.

Hon. Sir EDWARD KEMP: I would also like to draw attention to the fact that our expenditure in 1913, the year before the war, was \$144,456,878.

I have looked at the Money Bills which have been introduced into the House of Commons this year. I did not examine them all, because when I found that they were approaching the half billion mark I thought there was no use in bothering about the matter any further. I would like to draw attention to the fact that the interest on our war debt, our pensions, and matters of that sort, that are attributable to the war, added to the expenditure as it existed before the war, would amount to something over 300 millions of dollars. But, you see, there is a considerable margin between that and the amount of money which has been voted in another place this year. I feel that the time has come when there should be great retrenchment.

There has been created in the minds of the public of this country, owing perhaps to what might in a sense be called an unimportant incident, a great lack of confidence in the Board of Directors of the National Railways, not only with respect to certain other affairs, but particularly with respect to a report which has appeared in the press that a sum of no less than \$2,000,000 has been extracted from the Treasury of this country and invested in a foreign city—in, it is said, a hotel; that this amount has slipped out of the Treasury of this country in some way which has not been satisfactorily explained. The Government may say that they are not quite re-