

Our Ottawa Letter

C.N.R. Deal the Big Topic—Steel Interests Already Taking Advantage of New Duties

(By The Guide Special Correspondent)

Ottawa, Man 1, 1914.—This has been Canadian Northern week in the capital. The first intimation that the government and Mackenzie and Mann had come to terms in regard to the proposed aid for their transcontinental system came with the announcement that a Conservative caucus had been fixed for Tuesday morning, in order that the details of the plan might be laid before the members. The caucus met at ten o'clock in the morning with a practically full attendance of members. The scheme was outlined by Premier Borden and the discussion which followed lasted for nearly three hours.

The first interesting development in connection with the caucus was the withdrawal from it of R. B. Bennett, member for Calgary, and W. F. Nickle, member for Kingston, as soon as the government's plan was announced. Neither of these two members, it is understood, made any remarks at the meeting. They simply withdrew as a protest against the proposal to give additional aid to the Canadian Northern. They subsequently made statements indicating that it is their determination to speak and vote against the bond guarantee of \$45,000,000 provided for in the bill to be introduced. Rumor had it that several other members to the right of the Speaker were also in a rebellious mood, but, apparently, this was without foundation and it now seems pretty certain that, with the exception of Mr. Bennett and Mr. Nickle, all have responded to the crack of the party whip. It is asserted, altho of course it cannot be definitely stated, that a number of Western Ontario members were brought into line by the government agreeing to bring in a measure to reimburse people who lost money owing to the failure of the Farmers' Bank. It is certainly worth noting that the resolution providing for the voting of the sum of \$1,200,000 for this purpose was given notice of on Friday evening last and just preceded the announcement of the calling of a caucus to discuss the C.N.R. proposals. In this connection it will be recalled that some difficulty was experienced by the government last year in lining up this same group of members in support of the C.N.R. \$15,000,000 gift. On that occasion it was stated that they were brought into line with the promise that the depositors in the Farmers' Bank would be reimbursed. In the closing days of the last session Premier Borden made the definite statement that relief would be afforded the depositors during the present session. The necessary step has been taken and it is, to say the least, significant that the formal motion should have synchronized with the introduction of the Canadian Northern resolution.

Liberals to Fight

The second development in connection with the situation was the holding of a caucus of the opposition on Thursday morning, to consider what they would do about it. The Liberals were in session for two and a half hours and when they broke up the statement was made by Fred Pardee, their chief whip, that a unanimous agreement had been arrived at to oppose this legislation. Just to what length this opposition will be carried is not known at the present time. The opposition has no doubt realized that a good opportunity to make political capital was lost last session when it put up only a half-hearted fight against the C.N.R. gift proposition. The probabilities are, therefore, that the contest to come will be more spectacular but whether or not the Liberals will go to the limit and force the government to put the bill thru under closure remains to be seen. Undoubtedly many of the opposition members would favor this course, but much doubt is being expressed as to whether it will be adopted. An ex-minister of the crown, in discussing the matter today with the correspondent of The Guide, said that the resolutions

covering the agreement are of so technical a character that no one has yet been able to find out what they really mean. He also stated that in some respects the form of the resolutions has undergone change since they were first on the order paper, and that the explanatory statement given out by the government on Monday night before the resolutions themselves were made public did not give an accurate summary of the agreement arrived at with the Canadian Northern. This afternoon in the House Sir Wilfrid Laurier drew the attention of the government to the fact that these changes had been made. Premier Borden said that it had been found necessary to do this and that the amendments, which were not important, would be introduced in a formal way. Sir Wilfrid also asked the government to lay on the table copies of the trust deed referred to in the agreement and other documents relating thereto. Mr. Borden promised that this would be done. This probably means that the C.N.R. discussion will not be commenced in the Commons until well on into next week, if then, and that the differences between the two parties in regard to the same are not likely to be clearly defined for some time. It would not be safe, therefore, to predict to what extent the opposition to the bill will be carried. In the meantime a great deal of interest will centre in the speeches to be made by Mr. Bennett and Mr. Nickle. It is understood that the former proposes to deal with the matter at great length.

Where Is the Money?

It is known that one of the chief objections which will be raised by the opposition to the aid measure is that no steps have been taken by the government to make Mackenzie and Mann give a strict accounting of their methods of doing business. It has been stated that a great deal of the money they have received has not gone into the construction of their railway but has been diverted to other purposes. In the resolutions introduced, the general statement has been made that the government is convinced that nothing of this nature has occurred. The supposition is that the government has taken the bookkeeping of Mackenzie and Mann at its face value. It is maintained that if daylight were thrown upon all their business transactions the contrary would be shown to be the case.

Watch and Wait

Conservatives and Liberals are disposed to agree that whatever there is to be said by way of detraction of the agreement it must be admitted that the government is entitled to considerable credit for having secured so many apparently important concessions from the railway magnates. It is something new in Canadian politics to have a government, either Federal or provincial, make what appears on the face of it to be a pretty close bargain with a railway in connection with a guarantee. This is no doubt due to a large extent to the marked change in public opinion which has occurred in recent years. Had the government introduced a straight old-fashioned guarantee there would undoubtedly have arisen a storm of indignation thruout the country which would have justified the opposition in going to any length to prevent the passage of the measure. But the terms of the agreement are apparently of such a nature that it is recognized that they must be studied and analyzed by the opposition as well as the people before a definite decision can be arrived at as to their real merits. It is well, therefore, to suspend final judgment until the agreement has been explained in the House by Premier Borden and Hon. Arthur Meighen, who were chiefly instrumental in framing it for the government, until the chief railway experts of the opposition have had an opportunity to analyze it, and those members of the Conservative party who are so seriously

opposed to it that they propose to break from the ranks have been heard from. This seems to be the disposition of some of the Eastern newspapers who give their support to the government. The Montreal Star, for instance, has not up to the time of writing had a line of editorial comment. Neither has the Toronto Telegram, altho the proposal has been attacked in the news columns of that paper.

The National Sink Hole

In connection with the resolutions it is interesting to refer to the amount of aid that has already been received by the C.N.R. from the Dominion and provincial governments. According to figures submitted during the hearing of the Western rates case, aid given to Mackenzie and Mann, previous to this proposal, has reached the immense total of \$197,916,125. Subsidies east of Port Arthur have been given to the value of \$28,316,263 and guarantees totalling \$49,352,024. In addition Ontario has given a land grant valued at \$2,000,000, and the company has received from the Dominion government land to the value of \$4,102,848. West of Port Arthur Dominion guarantees have amounted to \$23,976,600, Manitoba guarantees \$24,408,446, British Columbia \$21,000,000, Saskatchewan \$8,258,966, and Alberta \$8,685,082. All subsidies, including land, given to Mackenzie and Mann, have totalled \$62,200,290 and guarantees, \$135,715,834, making the grand total of nearly \$200,000,000 already mentioned. To this must be added, before the end of the session, this additional guarantee by the Dominion government of \$45,000,000.

The Potato Duty

W. S. Loggie, of Northumberland, moved that potatoes being the growth and production of the United States, shall be admitted free of duty as soon as the United States removes the embargo regulation now existing against potatoes produced in Canada. In support of his proposal he said that the acceptance of this motion would mean free trade in potatoes between the United States and Canada (a reciprocal offer having been made to Canada in the Wilson tariff), so soon as the present embargo is lifted. He gave figures to show that the total imports of the United States potatoes into Canada from October, 1912, to November, 1913, both inclusive, was 416,000 bushels, valued at \$356,702 on which a duty of no less than \$83,167 was paid. He maintained that practically all of these potatoes were of the new American crop which came into the country during the months when no Canadian potatoes were available. This sum in duties could therefore be saved to the Canadian consumer without doing any harm to the grower of potatoes in Canada.

On the other hand during the three months before the potato embargo came into effect the people of New Brunswick exported potatoes to the value of \$270,000 to the United States, on which they paid duty amounting to \$27,088. This sum of money, he said, should have been jingling in the pockets of the farmers of New Brunswick but, owing to the duty it went into the treasury of the United States. "If, by taking the duty off potatoes coming into Canada," said Mr. Loggie, "we were going to hurt the Canadian farmer to any appreciable extent, then my argument would not carry the weight that it does; but from my knowledge of how this trade arose and of the importing of potatoes going on in all parts of Canada, I believe that the Canadian farmer will not be hurt by the importation of potatoes into Canada. I repeat what I have already said, that nineteen years out of twenty, potatoes are much dearer in the United States than in Canada; and if they are dearer in that market, how can they be brought in and sold to compete with the prices that we get for our potatoes."

Says Farmers Lose Money

Hon. W. T. White noted that the resolution synchronizes with the embargo against our potatoes. He took the position that the House must negate the resolution as being inconsistent with the fiscal policy which he had an-

nounced in the budget. The Minister of Finance also maintained that the effect of the adoption of the resolution would be that the American embargo on our potatoes would become perpetual. He believed that this embargo is due to the opposition of American potato growers to the reduction in the duties from twenty-five to ten cents per bushel. This opposition would become all the stronger if the duty against Canadian potatoes were to disappear altogether.

Hon. Martin Burrell, minister of agriculture, expressed himself as being opposed to the removal of the protection of twenty cents per bushel on Canadian potatoes. He maintained that the American duty of ten cents only means a loss to the Canadian farmers of four or five cents a bushel and that it would be better to put up with this and retain the present protection for the Canadian article.

Steel Graft Begun

During consideration of the new steel duties Mr. McCrea, of Sherbrooke, said that if there was any doubt in the minds of the members of the House as to who pays for this encouragement of the steel industry he would give a little personal experience which would make the matter clear. He said that the company with which he is connected is engaged in the construction of a paper mill. They had asked for prices on a large quantity of steel. Some of the orders were placed before the new tariff came in and some were not. In regard to the latter the steel firms simply withdrew their original prices and increased them to the amount of the new duties.

Mr. White practically admitted that the consumer of steel in Canada pays the duty. Nevertheless, he was satisfied because, as a result of his action, a large plant is to be established at the Sault employing Canadian workmen. He expected also to have large mills established at Sydney and at Hamilton as a result of the provision for the payment of the duty on large structural steel. While maintaining that the charging of a higher price may not necessarily follow the imposition of the new duties the minister said that the chances are that the Canadian consumer will pay more upon these particular products at least for a time, than they could be bought for by reason of the manufacturers in the United States dumping them upon this market.

The Truth for Once

"This," said Mr. Carvell, "is the fairest presentment of the protectionist policy I have ever heard in this House. I am glad the minister of finance comes out flat-footed and acknowledges the corn. It is the truth; we all know it is the truth; and I think the minister of finance is entitled to a great deal of credit for admitting it."

The resolution increasing the duty on the more highly finished stone for building purposes was debated at some length. It was maintained that the increase in duty up to thirty per cent. would be practically prohibitive and that a monopoly would be created which would not be to the benefit of the smaller quarrymen or of the consumer.

Mr. White said that he had been moved to increase this duty because of the many petitions received from quarrymen and stone cutters. He expressed the views that they knew their own business best and that he was justified in acting upon their recommendations.

J. G. Turfiff wanted to know why, if that were the case, Mr. White declined to listen to the demand of the wheat growers of the West for free wheat but treated them as tho they did not know their own business.

Mr. White did not attempt to give an answer to this conundrum.

Canada's mining production, 1911, was \$102,291,686.

Canada's fishery production, 1911-12, was \$34,667,872.

Canada's drink bill for 1912 was \$81,392,969.

Canada's tobacco consumption: Cigars, 252,718,242; cigarettes, 7,821,662,841.

Western land sales, government and railway, 1911-12, averaged \$13.70 per acre, the highest on record.

Canada's timber production, 1911, was \$161,098,081.



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