

The new law was made not by a rule of thumb of the Department, but after many conferences with the representatives of the newspapers of this country. I met those gentlemen, and represented to them that in this new and growing country the Department had to face many demands for a better, speedier and larger service. When I tell honourable gentlemen that about 9,000 post offices out of a total of 12,000 do not pay for their maintenance, and that the Post Office Department has to maintain them in order to carry letters to all parts of this country; and when I tell them that the Post Office has to give a railway mail service, and to improve it as much as possible to keep it on an equality with the service in other countries, they will readily realize the position of the Postmaster General in refusing any reasonable demand; but that there is no reason for reducing their rates when millions of dollars are given towards the carrying of newspapers. We came then to a conclusion, which was accepted by the newspapers represented, and I daresay all the newspapers of this country were represented there. The decision was to make an effort to reach the rate which is charged to the newspapers in every country in Europe a rate which would approach the lowest rate charged for transportation by rail, namely, from 5 to 8 cents per pound. But the newspapers represented that, as their tariff was fixed for a year in advance, it would be a tremendous increase to make all at once, to raise the rate from a quarter of a cent to 2, 3 or 4 cents in the same year. After much discussion a sliding scale was adopted, and the newspapers agreed to an increase of the rate by one-quarter of a cent per annum. In European countries the lowest rate is 5 cents, and in England the rate is much higher.

This has worked satisfactorily, no complaint having been heard. I know that many of the large newspapers in this country are in favour of the change. I know that they recognize that it is unfair to give to the newspapers a large share of the mail service provided at public expense without adequate remuneration for it. This increase meant at the start, if my memory serves me aright, about \$600,000 a year.

It may be that the proposed change will result in a loss of \$200,000 or \$300,000, but that is not the most important consideration. The important factor is the principle which we abandon by this Bill. We are reverting to the old system, the system of carrying newspapers for practically nothing and obliging other people to wait until we have the money with which to provide better railway

Hon. Mr. BLONDIN.

service, or open post offices or establish rural mail delivery, or perhaps improve the general postal service of Canada. If we adopt this Bill to-night, the question will be closed for a long time to come. We revert to a charge which is not justified and which will not bear comparison with the price charged for any other article or service to other people in this country, and we are preventing the increase of that rate to what it ought to be. I maintain that the newspapers should pay their fair share, and that is something like 5 cents a pound.

Is the Post Office Department in a position to sacrifice revenue and increase its expenditure? Perhaps honourable gentlemen are under the impression that surpluses are flowing into the coffers of the Government through the Post Office Department. They may be surprised, some of them, to learn that the deficit of the Post Office Department is \$9,000,000. The actual deficit on the gross revenue of the Department is \$1,500,000; but there must be added to that the proportion of postal revenue which is obtained through the tax. This is not a declaration of my own, but the official report of the Department, and here is what the Minister himself says.

Hon. Mr. BELCOURT: Is that for this year?

Hon. Mr. BLONDIN: It is the Report of the Postmaster General for the year ending March 31st, 1922:

The net revenue for the year, including war tax, amounted to \$26,554,538.24 and the expenditure to \$28,121,425.07, increases of \$223,419.27 and \$3,460,162.81 respectively. The expenditure for the year exceeded the revenue by \$1,566,886.83. Excluding the war tax, calculated at \$7,435,270.64, the expenditure exceeded the actual postal revenue by \$9,002,157.47.

Hon. Mr. BELCOURT: That is unusual, is it not?

Hon. Mr. BLONDIN: Yes. I have here the revenues and expenditures for a series of years, but I will take only the last three or four.

Year	Net Revenue	Expenditure
1918	\$21,000,000	\$18,000,000
1919	24,000,000	20,000,000
1920	26,000,000	24,000,000
1922	26,000,000	28,000,000

Salaries were increased, and there were changes made in the Post office; but the changes were made previously, and I do not think they account for that great difference. However, in 1921, when the net revenue was \$26,000,000 and the expenditure \$24,000,000, there was an apparent surplus of \$2,000,000; but there was actually a deficit, because from that \$26,000,000 of revenue it is necessary to