

over \$500,000,000—a sum equivalent to \$62.50 per head of the population—which sum the finance minister proposes to obtain by borrowing, and

Whereas, national disaster will overtake this country should the present method of financing the country's affairs be continued, and

Whereas, both Great Britain and the United States at present raise more than 80 per cent of their revenue by direct taxation while Canada raises not more than 20 per cent,

Be, and it is hereby resolved:

(1) That the serious nature of the country's financial situation calls for the profoundest consideration of all patriotic citizens, and the exercise of the severest economy by the government;

(2) That increase of revenue must be sought from an equitable and effective imposition and collection of graduated taxes, on business profits and income applicable to all incomes above reasonable exemptions;

And yet, in the face of that declaration, in the last two years we have cut about 20 per cent of personal incomes, about 11 per cent of corporation incomes, and we have reduced the tariff less than 1 per cent in all the years the Liberals have been in power since 1921. I submit that there is one of two things the Liberal party can do: They can repudiate this resolution or implement it, and I think they ought to do either one or the other.

Now last year I made in this house a statement which has been misrepresented and I wish to refer to it again. I wish to refer to an article which appeared in the *Montreal Gazette* in reference to that statement, and I shall also deal with the reference made by the Prime Minister (Mr. Mackenzie King) in his budget speech last year to the statement in question. Let me say, when reference is made to this question of a deal, that I used that word deal, and I use it again. I wish to be clear on that point, because the suggestion has been made by some that it should not be used. The statement I made, which will be found at page 955 of *Hansard* of March 2, 1928, reads:

The parties on that side of the house are trading too much on the fact that we cannot get together with the Conservatives. Let me tell them that, if this sort of thing continues, they will find they are suffering from a delusion. It is not a very big step for the people of the west, and particularly the people of Alberta, to say that if we cannot get tariff reductions in a general way—and it looks as if that were the case—the only thing for us to do is to go and make the very best possible deal with the protectionists and see what they can do for us.

That sentence is clear, as clear as it can be—it referred to the people of the west as saying "make the very best possible deal." And what use has been made of the statement? Here in what the *Montreal Gazette* says. But before reading this article I may observe that I used an illustration of farmers in the west who

are interested in dairying and who simply threw aside, for the time being, any desire they had for free trade in an effort to get protection for their own industry. And that was what was in my mind when I made that statement—that the action of the Liberal government was driving certain farmers to take that attitude of making a deal with the protectionists in order to get, if not equality with other protectionists, the most they could out of it. There is nothing clearer. The *Montreal Gazette*, on March 5, 1928, says:

Mr. Kennedy's Warning

Mr. D. M. Kennedy, who sits in the House of Commons for Peace River and represents the United Farmers of Alberta, has made a contribution to the budget debate which may or may not be regarded as elevating the tone of that discussion. He is reported to have expressed dissatisfaction with the manner in which the government is fulfilling its pledges to the people. It is not very difficult, of course, to find instances of failure in this regard, since the government and its followers, in appealing for the people's votes, exemplified an attitude of all things to all men, and proclaimed a variety of policies on tariff matters according to the understood requirements and sentiments of different sections of the community. No government could carry out all these policies, and it was inevitable that some of the campaign chickens should come home, sooner, or later, to roost in conspicuous places. The government itself has made an ingenious effort to defer the embarrassments attendant upon the homecoming of its political poultry, but Mr. Kennedy, for one, is dissatisfied with the result; wherefore he warns the Prime Minister and his associates that disciplinary measures may be taken.

Mr. Kennedy's protest possesses a certain special interest. He sat for Peace River in the last brief parliament, after the seat had been taken from the Conservative candidate by fraud. Mr. Kennedy had nothing to do with the work of Mr. "Baldy" Robb and the others, nor was it intended that he should be the beneficiary of their activities. But he occupied the seat, and when a petition was presented in behalf of the Conservative candidate, Mr. Collins, the government resisted its acceptance and it was not accepted. Mr. Kennedy stayed, justifying his action on the ground that he had, somewhere or other, lost more votes than had been taken from Mr. Collins. The importance of this episode was revealed in one of the hectic divisions of the session when the government was saved by one vote, including Mr. Kennedy's.

There never was such a division in that session, and I wrote to the editor of the *Gazette* asking him to inform me to what division he referred. I have not yet received any reply. But notwithstanding the fact of that lie, the Prime Minister uses this article, which is a libel on the Liberal party as well as a misrepresentation of my own attitude, in order to take a slap at me in the budget debate of last year. I will read his statement later. However, the only instance I know of