

That it had been demonstrated in Great Britain—

—is not borne out by the facts. The last report of the Postmaster General of Great Britain, Mr. Buxton, has shown this very conclusively. I have the report in my hand. I will not quote it—it is very extensive—but I will quote an article from the Montreal 'Gazette,' a very able paper, as everybody knows, a paper not connected with the party to which I belong, but whose capacity every one must admit, and it has given this very suggestive comment upon this subject. The Montreal 'Gazette' says:

British telegraphs and telephones.

There appears to be prevalent in Canada an impression that the British Post Office reaps a handsome profit annually from the operation of the telegraph and telephone services. There is no foundation for a belief of this kind. Mr. Sidney Buxton, in his last annual report as Postmaster General of the United Kingdom, admits that the net deficit in working the telegraphs for the year was £652,055, and that if interest on the capital be added the total deficit amounts to £923,746, or \$4,495,870. Mr. Buxton further reports that during the year the number of messages handled, including free and government messages, was 89,493,000. Dividing this into \$4,495,870, it will be seen that there was an average loss of a trifle over five cents on each and every one of these messages. A service which produces results like these cannot be said to be on a paying basis. There is no guess work about the figures given. They are the Postmaster General's and taken, as he gives them, from his annual report.

Then, as regards the telephone system. Mr. Buxton says that 'the year's working of the whole telephone system shows a balance of £451,787, after payment of working expenses, while the whole amount required to provide for depreciation of plant and interest at three per cent on the capital expenditure of £7,255,000 is £432,726.' This shows an apparent profit of £19,061. Mr. Buxton is the first Postmaster General to take the public into his confidence respecting the financial results of the telephone business, the figures heretofore having been included with those of the telegraphs. In this year's report he shows that the total capital expenditure on telephones is £7,255,000. He divides the £432,726 allowed for interest and depreciation into £215,076 for depreciation and £217,650 for interest. The interest allowance works out exactly at 3 per cent, and the depreciation allowance at 2.96. Unfortunately, 2.96 per cent is a ridiculously small allowance for depreciation on a telephone plant. It contemplates a life for the plant of more than thirty years. On this continent experience has shown that a safe allowance for depreciation must exceed seven per cent of the gross capitalization. Increase Mr. Buxton's allowance to this figure and instead of a modest profit of £19,061 there remains an ugly deficit of £273,713. The total income of the telephone department last year was £908,246. To have brought it out on an even basis the receipts should have been twenty per cent greater and the expenditure no larger than it was.

A telegraph department which loses five

cents on every message it handles and a telephone department doing business at twenty per cent less than cost can hardly be presented as successful examples of government ownership, however pleasant it may be to those who make large use of the service.

Upon this point, as upon the other, we on this side of the House have to say that the remedy for this situation—and a remedy is called for and we are prepared to introduce legislation upon this subject—is not government ownership as advocated by my hon. friend, but private ownership and government control. My hon. friend asked me to give him an explanation of this paragraph in the speech from the Throne. Our intention simply is that we shall introduce legislation to increase the power of the commission which exists at the present time, to increase its membership as well and to give it control over the telegraph and telephone as it already has over the railways.

I stated a moment ago that when my hon. friend opened his campaign he trimmed his sails in order to catch every breeze and, speaking in the city of Halifax, I charged my hon. friend (Mr. R. L. Borden) with having pandered to local prejudices on the question of Japanese immigration. Speaking recently in this city my hon. friend (Mr. R. L. Borden) expressed the view that I had been unfair to him and that I had no ground for speaking as I did. I shall tell my hon. friend what I meant. I shall tell him how and in what respect, in my humble judgment, his conduct and his language have been unworthy of him and unworthy of the high position which he occupies in this House and in this country. Before I do this allow me to quote from the speech delivered a few days ago in this city by my hon. friend (Mr. R. L. Borden) on this question. I quote from the report of the Ottawa 'Evening Journal':

I for one am prepared to maintain that the western provinces of Canada ought to be and must be dominated and inhabited by the same great colonizing races which have occupied and developed the eastern provinces of this great Dominion. Sir Wilfrid Laurier has uttered some words of reproach with respect to my attitude upon the Japanese question. He has accused me of appealing to passion and prejudice. I am at a loss to understand to what it is that he alludes. I have said that the views of the people of the west ought to be accepted with respect to a solution of this question. Was that an appeal to passion and to prejudice? If so, what has he to say to his own words in 1896, when he sent this telegram to the people of the west: 'Chinese immigration restriction not a question in the east. Views of Liberals in the west will prevail with me.'

Sir, it is true that in 1896 I sent this telegram to the west with regard to Chinese immigration, that it was not a question with us in the east, that it did not affect us. What was true in 1896 is true in 1907. No one in