

The Budget—Mr. Kennedy

had been in power it would have been an easy matter for his administration to have lived up to the promises that were made when he appealed to the country in the last general election.

I submit, Mr. Speaker, that a budget surplus is not a guarantee of real democratic prosperity throughout the country. We have been told by the Minister of Trade and Commerce (Mr. Malcolm) that the car loadings and so on of the railways are an indication of prosperous conditions throughout the country. With regard to budget surpluses, I would point out that for a number of years after the war, when the French government had tremendous difficulty in balancing its budget, it was generally stated that France was not suffering from unemployment to anything like the same extent that Great Britain, Canada and the United States were suffering. This advantage enjoyed by France was attributable, I believe, to the fact that she had not deflated her currency. As to railway carloadings being a criterion of the people's prosperity, I would point out that sixty pounds of wheat moving from any point in western Canada to Fort William or Port Arthur or Vancouver brings the Canadian National or the Canadian Pacific the same revenue regardless of whether it is No. 1 northern or No. 6 northern, or even if it is feed. I know cases where farmers are up against a freight rate of 16 cents a bushel on their grain moving to Fort William or Port Arthur or Vancouver. Their initial pool payment was 11 cents a bushel, yet the threshing bill alone was 13 cents a bushel. I give this illustration to show that buoyant railway earnings cannot be taken as indicating more than 50 per cent of general prosperity throughout the Dominion. I think we shall find this year that the crop in western Canada last year was not all it was reported to be before it was actually harvested. It is possible that it will pay its way, but it will not lead to the development that followed the crop of 1927. I think the Minister of Trade and Commerce also pointed out that the extra carload earnings meant an increase in railway employment; but railway statistics over a period of years do not show that to be the case.

It has been stated generally that when we have a tremendous increase in wheat production we are bound to have an increase in the prosperity of the farmers. I have before me the November, 1928, issue of *Current History*. It contains an article entitled *The Farm Problem Made Clear*, and what I am about to quote from this article in my judgment bears out some of the reasons for increased acreage and increased volume of wheat and other production in western Canada:

[Mr. Kennedy.]

Low prices frequently force the farmer toward increased production in order to meet inflexibly high prices, as was pointed out by Dr. E. G. Nourse of the Institute of Economics when he said in his paper before the American Farm Economic Association: "With prices per unit low and fixed obligations high, the utmost effort must be expended toward securing a large output." That is why low and unprofitable prices do not always result in decreased acreage.

So while I am willing to admit that we have a certain amount of relative prosperity, at the same time we have problems in abundance so far as the common people and the farmers of Canada are concerned.

For years one of the remedies proposed by the Liberal party has been the cutting down of the tariff. A few years ago the question of rural credits engaged our attention, and we hope that notwithstanding the very long time it has taken to put the Rural Credits Act into operation, it will be made effective in the near future. But I say again that the Liberal party has made definite pledges to this country. In 1919 it made pledges which have never been repudiated and which have never been thoroughly acted upon. Here is a resolution presented to the National Liberal convention in session in Ottawa August 5, 6 and 7, 1919. It was presented, according to the report, by:

Hon. W. E. Knowles (former member for Moose Jaw in the federal parliament, now of the Saskatchewan government).

Mr. Knowles said:

Mr. Chairman, ladies and gentlemen, I will not detain you more than a very few minutes. This resolution is a straight, honest-to-God Liberal resolution; in it we join issue with the privileged classes and those who try to raise our revenues by the indirect method, and out of the poor people.

The rest of his speech is hardly fit to be read in the House of Commons, but if anyone wants to read it privately he will find it at page 164 of the report. However, the resolution itself reads:

Whereas, the national safety demands that the serious financial position of the country should be known and appreciated in order that steps may be taken to cope with the same, and

Whereas, on the 31st March last, according to the statement of the Minister of Finance, the net public debt was \$1,584,000,000, or, roughly, \$220 for every man, woman and child in the Dominion, involving an annual interest charge of about \$115,000,000, and thus imposing an annual burden for interest on debt alone of \$15 per head of the population, and

Whereas, the estimated expenditure of the Dominion government for the present fiscal year is over \$800,000,000, or, roughly, \$100 per head of the population, and

Whereas, the estimated revenue is only \$280,000,000, thus creating an estimated deficit of