

changes were made in the tariff. The hon. member for North Waterloo—in whose constituency the city of Kitchener is located—both in his speech on the Address in Reply to the Speech from the Throne and in his speech on the budget, lamented these changes and predicted that a very sad state of things would result to industry in Canada. Now, Mr. Speaker, I have here a press despatch which may be of interest in this connection, and which ends as follows:

Kitchener, Ont., May 4.—A price of 100.71 has been received by the city for a block of \$258,000 debentures, the Dominion Bank being the successful tenderer. They range from ten to thirty years.

Evidently the Dominion bank, or those who tendered for these bonds in the city of Kitchener do not believe the tales which were repeated by the hon. member in this chamber. I would not ask for better evidence to the contrary than is given by these people who keep their ears well to the ground and know the actual financial conditions in Canada. They have faith in the city of Kitchener and prove their faith by buying its bonds above par.

Now I wish to make one or two references to the amendment of the hon. member for Centre Winnipeg (Mr. Woodsworth). It seems rather unfortunate that the majority of the gentlemen to whom I have occasion to allude are absent from the chamber, but that is not my fault. I would not like to accuse the hon. member for Centre Winnipeg of playing politics, and yet I do not recognize in the speeches he has addressed to this House any advocacy of the principles embodied in that amendment. Nevertheless, for my part, let me say that I have on divers occasions spoken much along the lines suggested in this amendment. I know that I have supported amendments in this House along the same lines. I have been more or less active throughout the country advocating the majority of the principles outlined in this amendment, and I cannot see why, with the belief I have in these principles, the government should take an amendment to the budget in the sense that it is a vote of want of confidence. If I were to support the amendment it would be my explicit desire, as shown by my action, my action should not be regarded as a vote of want of confidence. If the government should not insist upon that principle or idea, I think that I could support the amendment. I also want to support the budget. I support the amendment simply because on principle I have always advocated such ideas in the past. I believe in the principle of taxing unearned increment. I do not want to go into the question to-night, but my mind goes back to

[Mr. Gould.]

the West where I see that this government and past governments have been obliged to spend millions and millions of the people's money to provide facilities for settlers who have been driven into the back settlements because the land speculator held the lands close to the railway. These huge expenditures have been forced upon the Dominion government because of the fostering of the individual who held land out of use close to the railway. That same land that was held out of use has obliged neighbours to live miles apart who should be settled closer together. We have taxed ourselves to build schools and roads. These vacant lands have been the homes of all the insect pests which agriculture has suffered from. And yet we have a government sitting idly by and refusing to tax the unearned increment of that land which has increased in value as a result of the activities of you, Mr. Speaker, myself and others here and there.

Mr. FORKE: You have a provincial wild lands tax.

Mr. GOULD: Yes, we have, if you take that into the consideration. The day will come when there will be a reorganization of the Dominion and provincial system, so that there will be no overlapping. But when land which was bought at three or four dollars an acre, is through your activities and mine, sold later at thirty dollars an acre, I say that is an unearned increment, and the state should step in and take a large proportion of the money, rather than allow speculators to take it away to a foreign country. That is what I mean.

I could follow the matter up and present the same argument in regard to terminal elevators, but I use that as a justification for the adoption of the principle whereby we may largely offset the loss we would have from the taking away of the tariff tax.

Again let us look at the sales tax. We will find all our manufacturing friends on bended knee to our government asking them to take away the sales tax. I am not such a strong advocate as to urge taking away the sales tax because I believe in the principle of a direct tax. It will necessitate education on the part of the people, but until we have more education and more understanding by the people of the principles of taxation, the result will not be accomplished in the manner it should be. We should have a system of direct taxation to supplant and not to supplement indirect taxation; then progress will be made in Canada, business will be carried on much better, people will pay more attention to the principle of government and Canada will