

less and we would certainly get less population. We had to adjust our finances accordingly, and as rapidly as we could we increased taxation and in the spring of 1917 we put on the highest profits taxes in the world. We put on other taxes almost in proportion. So high did we impose them that hon. gentlemen now sitting opposite, hon. gentlemen now in the government, rose and protested that the effect of such taxation would be unfair to the industry of Canada. If the Prime Minister will look at Hansard for May 22, 1917, at the time these high taxes were being put on—I mean the higher taxes for there had been profits taxes imposed long before—he will find that his present Minister of Railways warned the government that strong representations were coming to him from many and reputable business concerns to the effect that the high taxation being levied upon them would so reduce their reserves gathered during the period of inflation that they would never be able to stand the deflation period which was sure to come. Not only did he tell of these representations—representations which went so far as to say that one firm after another might be driven into bankruptcy—but he declared on the strength of figures submitted to himself, on the strength of investigation made by himself, he was disposed to agree with their contention. And the Minister of Railways turned out to be right—this was the effect on many a company in Canada. I have not even referred to the warnings that came from the Minister of National Defence (Mr. Macdonald). Now the leader of both these hon. gentlemen says "You did not tax nearly enough, you let the profiteer go." I do not think this conduct on the part of the Prime Minister is very fair, especially when during that period we were supported in the course we took by certainly the one most eminent of his own ministers to-day.

The amount we had to raise for interest on war debt, was a sum in the neighbourhood of two to three hundred millions more. According to the figures of Sir Thomas White some \$435,000,000 of war cost was paid during the real period of the war. I do not think this experience compares unfavourably with that of any other country but I say this: Having regard to the position this Dominion was in, a position unique in the world, a position right alongside of the most prosperous nation speaking our own tongue, we went as far in the direction of taxation as was in the interests of this Dominion and we were recognized as doing so by hon. gentlemen among those who now complain.

[Mr. Meighen.]

There is one other statement I wish to make. I am sorry the Minister of the Interior (Mr. Stewart) is not in his seat. It refers also to what took place in those years. The Minister of the Interior went to the city of Edmonton last fall and made a statement explanatory of the failure of this government to reduce the debt. This is what he said:

In 1911 when the Conservatives took office the public debt was less than the sum now required to meet the annual fixed charges. By the time the war began in 1914 the national debt was increased 46 per cent.

I should like to ask the minister—and I will put my question on Hansard now so that he may answer it at the first opportunity on the Orders of the Day—whether he made this statement before any audience in this Dominion? I have read from the report of the Edmonton Bulletin, an organ friendly to himself. I do not need to insult the House by telling them it is not true. Every hon. member knows that instead of the debt being increased 46 per cent—an incredible amount; I cannot see how a responsible man could possibly use such words, and I would employ stronger language only I hope he will be able to say the report of the Edmonton Bulletin is wrong—the facts are quite the opposite. The debt in the one year was increased by twenty-one million odd dollars, and in the other years was diminished by twenty-five million odd dollars, and at the end of the fiscal year just before the outbreak of war the debt was some three million odd dollars less than when the then government came into power. Although not much to the point I may add parenthetically that one reason of the increase in the year I referred to was the necessity of taking care of precious railway enterprises for which we were not responsible.

Now I come to other features of the budget. The budget proposes a reduction of taxation. Nobody can help but rejoice in a reduction of taxation as such; but I want to know what justification this government has for proposing to this House to reduce taxation. With a deficit of forty millions, or in that neighbourhood—and it would have been much higher but for the money they found by the roadside—how do they justify a reduction of taxation at all? I wonder does the Acting Minister of Finance really expect that he is going to be able to balance the budget this year upon which he has launched? To-day his revenues are going down. I venture to say he will not get any one hundred and twenty millions next year on his sales tax. He collected last year about forty-seven millions more on his sales tax out of every-