

This Act was placed upon the statute book as a war measure. But now the war is over, at least, the fighting is done, and I think it is incumbent upon the Government to remove this burden which was placed upon the people merely as a war measure.

The next step which I wish to see the Government take is the acceptance of the reciprocity agreement. Next, the elimination of duties upon foodstuffs. Next, the elimination of duties on the means of production of the great extractive interests of the country: agriculture, mining, fishing, and lumbering. Next, a general downward revision of the tariff, made after careful investigation, and with the double object of relieving the consumer and bringing more revenue into the coffers of the state. The transition should be made very carefully, and be as little onerous as possible on those interested.

It is often well in discussing this subject to endeavour to remove from the minds of one's hearers certain misconceptions which they may have. I believe that many people will ask: How can we make these reductions in duties and still find sufficient revenue to enable us to meet the exigencies of the financial situation? I trust, Mr. Speaker, to be able to satisfy hon. members in that regard.

The increases of 5 and $7\frac{1}{2}$ per cent have brought into the coffers of the State a certain amount of revenue by the taxation of raw material, generally for manufacturing purposes, which formerly came into the country free. But, on the other hand, by adding 5 and $7\frac{1}{2}$ per cent to a tariff already somewhat high, the ingress of other goods into this country has been prevented, and the coffers of the state have suffered in that proportion. Again, if the increases of 5 and $7\frac{1}{2}$ per cent are removed, it is reasonable to argue that the manufacturers, relieved from the tax on their raw materials, will possibly make more money, a certain portion of which should find its way into the public treasury through the Income Tax Act or the Excess Profits Tax. Now what will the acceptance of reciprocity mean? Will it involve a great loss of revenue to this country? I do not think so. The reciprocity agreement was negotiated in January, 1911, and I have had recourse to the figures for the year 1910 of the imports into Canada from the United States, and the exports from Canada into the United States, of goods coming under that reciprocity arrangement. These figures, though not for a recent year, are sufficient to be a guide for us. Canada, on the basis of

[Mr. McMaster.]

the year 1910, would have remitted duties on goods coming in from the United States to the amount of \$2,500,000, and the United States would have remitted duties on goods going into that country from Canada to the amount of just under \$5,000,000. But since then matters have changed to a certain extent. A great number of articles then taxed somewhat highly by the United States are now subject to a lower rate of duty. The elimination of duties on foodstuffs would mean a loss of revenue, on the basis of the last fiscal year, of \$14,366,000; on agricultural implements, \$1,428,000; on cement, \$4,376; on saw-mill machinery, \$57,530; on fertilizers, \$77,224; on oils of all sorts, a little more than \$2,509,000. So the loss of revenue by placing these things on the free list would not make any substantial inroads upon the treasury of the country. Indeed, the Minister of Public Works (Mr. Carvell) said the other night, although I did not entirely agree with him, that ten million dollars here or ten million dollars there was not a matter of first-rate importance.

Mr. CARVELL: Will my hon. friend show me where I said that?

Mr. McMASTER: That is my recollection of what the minister said, and I think Hansard will bear me out. I have not a copy with me.

Mr. CARVELL: I should like you to produce it.

Mr. McMASTER: I think my hon. friend will find that I am right. That was certainly the impression made upon my mind, and I listened to him with all the care and attention which a former political friend should give to his speech. But, Mr. Speaker, we are not dependent in this country upon indirect taxation for our revenue. For many years it was thought in this country that direct taxation was impossible. The hon. member for Red Deer (Mr. M. Clark) was one of the first to raise his voice, strong and eloquent, in the House and in the country, to show that direct taxation was the proper way in which to raise the revenue. And to-day we are receiving a very substantial amount of revenue, though not nearly as much as we should, through direct taxation.

It will interest the House, I am sure, to learn what proportion of the revenue of the United Kingdom, the United States, and of Canada was raised by direct and by indirect taxation in the year 1917-18. The United Kingdom during that time raised 81 per cent by direct taxation, and only 19 per cent by indirect taxation. The