T. W. CALDWELL ON THE BUDGET

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farmers of either New Brunswick or the state of Maine will admit there are more efficient farmers in the United States, especially potato farmers, than can be found in the state of Maine. They are afraid of competition with the farmers of New Brunswick, while the farmer in British Columbia is afraid of the competition of his neighbour on the United States side. I can hardly understand this unless it be that the British Columbia farmers and the people generally are not on a par with the people in New Brunswick. It is the only way I can account for it.

Owing to the fact that a committee of which I am a member was sitting last night I had not the pleasure of hearing the speech of the hon. member from Lincoln (Mr. Chaplin). However, when I came to read it this morning I found I had not missed very much, because it was the same speech he delivered two years ago with a few variations. One of these had references to the duty on potatoes; he said two years ago the farmer had benefitted to the extent of $10,000,000 due to the duty on potatoes. In his speech last night it was increased to $15,000,000, although he quoted from the same statistics. Another thing he said was that I had demolished the argument he made in this House in 1920, and that he had not had a chance to reply to my criticism. The hon. member for Lincoln sat in this House last session, and I think I am right in saying that you will not find his name in Hansard last year. One member of the Opposition last year was unkind enough to say that the reason he did not speak in favor of his government last year was that he had not received a further contract from them to supply goods in connection with the Roumanian loan. I do not know if that was the reason. But he said he had not a chance to reply to my statement, although he was in the House all last session. Last night the hon. member said:

"I might say here that I gave of these figures once before, and the hon. member for Victoria and Carleton (Mr. Caldwell) demolished my whole argument by saying that the member for Lincoln ought to know that there is no duty on potatoes."

This was in 1920, and he still insists there was a duty on potatoes at that time. He does not seem to realize the fact that the duty was removed from potatoes, either going from Canada to United States, or coming from the United States to Canada during the session of 1918, two years previous to the time he made the statement in this House. He insisted in 1920 that the duty still remained on potatoes. It is just possible he does not know the war is over, although I would think he should know, because he helped supply the goods for the Roumanian loan made by the government, after the war was over.

In coming to a discussion of the budget, I wish first to quote a statement made in this House two days ago by the present Prime Minister (Mr. Mackenzie King). He said:

"I submit as I have already intimated, that in the proposals which the Minister of Finance has brought down, he has succeeded in relieving taxation, as it bears the great mass of the people, and shifting the burden of taxation to a more considerable extent on to the shoulders of those who are best able to bear it."

I do not agree with the statement of the Prime Minister, and I hardly think he can be sincere in making it, because I am going to quote from his speech in 1920, when this tax was instituted by the party which is now the official Opposition, and I think this quotation will prove that I have a very good right to think that he has not, unlike the hon. member for Lincoln (Mr. Chaplin) given us the same speech that he gave us two years ago, nor is he agreeing with the speech which he made two years ago; absolutely the contrary. I contend, as I did in 1920, that the sales tax imposes a burden on people least able to bear it. When that method of taxation was under discussion, I supported the idea of imposing a luxury tax and also a business or excess profits tax, as did the present Prime Minister. I deplored the fact at that time that the government would put a sales tax on the necessaries of life, which tax, I stated I thought would tend to race suicide in this country. I was ridiculed for making that statement in the House, although I think I proved it very well before I sat down. Let us take the case of the workingman who is working for a small wage. He has a large family and he must find for them the necessaries of life, food, clothing, boots and shoes and so on.

They are not all taxable; but many of them are, and I think, when I quote the Prime Minister's speech in 1920, I shall have good proof for the statement that I am making at the present time. I said that his would tend to race suicide because, I asked: How can a poor man provide for a family if this sales tax is imposed on all necessaries of life? I think the House will agree with me that the tendency is for the poor man to raise the big family; and in the imposition of a sales tax, the revenue is collected, not according to a man's ability to pay, but on the necessities of himself and his family, no matter how poor he may be.

At six o'clock the House took recess.

Mr. Caldwell: Mr. Speaker, when the House rose at six o'clock I was about to quote from a speech made by the right hon. Prime Minister in this House in 1920 in order that I might prove the inconsistency of the statement he made two days ago and of this budget with what he stated at that time. Two days ago he said:

"The present budget would shift the burden of taxation to a more considerable extent upon the shoulders of those who are best able to bear it."

To-day he claims that increasing this tax 50 per cent will shift the burden of taxation to a more considerable extent upon the shoulders of those best able to bear it. Now I am goinb to quote what the right hon. gentleman said two years ago about the shoulders best able to bear the burden of taxation. While approving the luxury tax, he criticized the government for introducing this sales tax, and he said:

"But what have they done? Instead of alleviating the high cost of living as it affects the great mass of consumers they have added to it. They have increased the cost of living and made it more difficult for the people of Canada to live than it has been heretofore. To an invisible tariff they have added a visible tariff on a great multitude of commodities, thereby increasing the cost of living to the vast body of consumers. From one end of Canada to the other, in every home, there has been considerable difficulty in coping with the situation. Go where you will, you will find this the baffling problem that taxes the ingenuity of the great majority of the people. As I say, Mr. Speaker, instead of meeting the high cost of living as it was obviously the duty of the government to have met it, by reducing the tariff on the necessaries of life, they have added this visible tariff in the nature of an excise to the invisible tariff which already exacts its toll from the people in regard to commodities in general use.

"But they have done more than that. They have not been satisfied with merely adding one tax but they have heaped tax upon tax on many of the necessaries of life that enter into daily consumption.

"So far as this budget affects luxuries we can heartily endorse all that the government proposes. It is proper that luxuries should be taxed, but, as has been pointed out by one hon. member after another on this side of the House, there are many articles, such as boots and shoes, clothing, the different articles required in the daily food of poor people, canned goods for example, which are taxed and overtaxed. Consider this excise tax in relation to the cost of living.

relation to the cost of living."

Still the right hon. gentleman says that increasing the sales tax 50 per cent—the tax that he denounced in such round terms two years ago—will ease the cost of living! Well, Mr. Speaker, I am not able to follow his reasoning.

But digressing for the moment from the sales tax, I find a reduction in the duty on clothing, such as ready-made clothing and underwear, of 2½ per cent, while the duty on silk goods is reduced 7½ per cent. Now, this is evidently in the interest of the poor people, because of course all the poor people wear silk clothes!

I desire to point out a few discrepancies in the statements made by the right hon. Prime Minister, and the absolute failure in the budget of today to carry out his ideas of two years ago. Speaking about the tax on goods sent out of the country, the right hon. gentleman on June 1, 1920, used the following language, which will be found at page 2978 of Hansard for that year:

"Instead of caring for and protecting the consumers, the government have left them to their fate. One thing I was surprised to see in regard to this matter was that while a tax is put upon the goods obtainable by the consumer, there is no tax upon the goods that are being sent out of the country."

The present budget contains the following provision:

"Provided further that the excise taxes specified in this section shall not be payable on goods exported,—"

That is in absolute contradiction to the statement made by the right hon. Prime Minister two years ago. And a little further down, in fact in the next paragraph of the budget, we find the following:

"A drawback may be granted of ninety-nine per cent of the said taxes paid on the materials used, wrought into or attached to articles exported—"

So they not only do not levy this tax that he thought was so necessary two years ago on articles exported, but they give a rebate of ninety-nine per cent of the tax on raw materials that go into the manufacture of those articles so exported. I want to show why he said at that time that the government did not levy taxes on goods exported. I have already quoted his remarks where he expresses surprise that while a tax was put upon the goods obtained by the consumer there was no tax upon the goods that were being sent out of the country. Then he continued:

"Why?"

With a big question mark after it.

"Because in that instance it helps the manufacturer. He, not the consumer, is the chief consideration with the government. Again, the more you export out of the country, the less there is for the consumer. Look it all over and you see all along they line the interests of the privileged classes carefully taken care of while the interests of the great bulk of the people have not been safeguarded."

In this connection, Mr. Speaker, I submit there is—I was going to say absolutely no difference between this budget and the budget he was discussing; there is, however, this difference: In the budget of 1920 there was a tax on luxuries and on excess profits, while in this budget there is no hint of similar taxes. So if you are to compare the two, this is a more protectionist budget from that point of view.

And this is what the right hon. gentleman stated in regard to the duty on the tools of production in the course of the same speech which I have already quoted from. This will be found at page 2979 of Hansard for 1920:

"I can imagine my hon. friend, the Minister of Finance, saying when I suggest some of the wartime wealth might be taxed, 'It is poor policy to tax capital, because capital is the goose that lays the golden eggs.' Well I can appreciate his not wishing to tax capital, but I wonder if it has occurred to hon. gentlemen opposite that if there is one form of capital that is most essentially capital it is the instruments of production that are used for carrying on further production for the basic industries are the real capital that is necessary, along with labor, to create further wealth; and as long as customs duties are kept on the implements of production of the basic industries so long you are simply taxing the capital that is necessary to produce further wealth."

I will admit, as the member for Brome (Mr. McMaster) so well put it, that they have made a shuffle in the direction of reducing the duty on the implements of production. Some hon. members have called it a short step. I agree with the member for Brome (Mr. McMaster) so well put it, that they have made a shuffle in the direction of reducing the duty on the implements of production. Some hon. members have called it a short step. I agree with the member for Brome that it is not a step merely a shuffle, and I think the consumer is getting much the worst of even that shuffle.

In his budget the Finance Minister estimates that there will be a reduction of revenue of one and one-half millions. I think that is the figure. He does not tell us what increased revenue he expects to collect by reason of the 50 per cent increase in the sales tax, but anyone who examines the figures as to the revenue derived from the sales tax last year can work that out for himself. Last year the amount collected under this head was $60,000,000; an increase of 50 per cent would result in the collection of $90,000,000, provided that the same amountof business was done, and I think it is fair to suppose that would be the case. So that in this shuffle we get relief to the extent of $1,000,000 in one direction, and we get $30,000,000 shuffled in the other, which means an increased burden to the consuming public of $28,500,000. I thoroughly agreed with the Prime Minister's attitude on the matter of sales tax and luxury two years ago; I am very sorry that he does not take the same attitude to-day. If he did—and I am speaking for myself only—I would have no hesitation in supporting a budget such as he advocated at that time. It would mean relief to the consuming public by elimination of the sales tax, and the taxing of luxuries, if you will, to take its place—because we all realize that we must have revenue.

I wish to quote further from the remarks of the right hon. Prime Minister with regard to a matter that has not been referred to in the present budget, and it is an item which affects most seriously the interests of the constituents whom I represent. Quoting from the Liberal platform, he said, as reported on page 2982 of Hansard, June 1, 1920:

"That, in the interests of agriculture, in aid of greater production on the land, and for the conservation of the soil in Canada, it is expedient for the Government to arrange for the distribution of fertilizers at the lowest possible cost."

By the way, in the Liberal platform—and I do not need to read it; I think we all know what it says, though unfortunately we are not going to see any of its terms put into operation this year—in that platform it is proposed to put fertilizer on the free list, yet my hon. friends have not given it the miserable little 2½ per cent reduction that they have seen fit to extend to some other items. Before I have finished I shall give to the House some facts as to how the duty on fertilizers affects the producers of eastern Canada—because I believe you do not use them in the West; and as to how very slight the loss of revenue would be if the customs duty on this article were abolished. But before I come to that I wish to deal with the matter of how the duty affects the price of farm implements.

The hon. member for St. John (Mr. Baxter) early in the session censured my honoured leader for stating that the price of machinery and other commodities was enhanced as the result of the imposition of duties upon them. The hon. gentleman stated that a certain article of machinery had been purchased in Maine by a New Brunswick man at just the price of the article in Canada plus the duty. He said that this article had been purchased on account of some breach of contract; it was the purchase of one article on one special occasion. Now I am going to cite an instance of the purchase of one article on one special occasion. I have a complete list here of prices charged in the state of Maine and in New Brunswick by one and the same firm. I have the price list on the basis of which their agents are selling; I am not quoting from hearsay or from newspaper reports or anything of that kind. I shall not give the full details, but any hon. gentleman who wishes to obtain them may see these price lists if he wishes to. Well, for a 10-foot hay rake with 32 teeth, the price in Canada is $52.50 and in the state of Maine, $43.75, a difference of $8.75—and the rake is sold on two farms, one alongside the other, each on each side of the imaginary line. I live within six miles of that imaginary line and I know what I am talking about. The ex-Minister of Finance told us the other day that the actual duty paid on the material that went into the manufacture of a horse rake in Canada was 95½ cents; taking that from the difference in price, we still have a difference of $7.79½ which cannot be accounted for by the duty on material. A 6-foot mower costs in Canada $99 and in the state of Maine $83.75, a difference of $15.25. A six-foot binder with bundle carrier complete is $285.50 in New Brunswick and $200 in the state of Maine. The ex-Minister of Finance told us that the actual duty paid on the material entering into the manufacture of that binder was $2.65, which still leaves a balance of $82.85. The manufacturer is able to take advantage of the duty and mulct the Canadian farmer to the tune of $32.85 over and above all his outlay on this binder and over and above what he charges the farmer in Maine. I may say that I am referring to the prices of a United States firm with a Canadian branch and with agencies on both sides of the line. When I gave a statement to the Tariff Commission in 1920 I was asked where these articles were shipped from. Well, due to the fact that there is no duty on farm machinery entering the United States from Canada, if the Canadian factory is nearer the state of Maine than the American factory the goods can be delivered from the Canadian factory. The same applies to fertilizers, with which I will deal later.

Now, lest a second Mr. Vincent Massey may come along I am going to quote prices that I put before the Tariff Commission in 1920 when they sat in New Brunswick, and I want to show you that the statement made at that time by Mr. Vincent Massey had no resemblance to the truth. I quoted a long list of farm machinery at that time, but I will give only one item on this occasion, the item Mr. Massey objected to. I was not quoting the Massey-Harris prices at that time; I was giving the figures from the price list of the International Harvester Company. I gave the cash price of a mower in the state of Maine as being $90 and in Canada $97.50. Mr. Massey appeared before the Tariff Commission in Toronto a few days later and when he was shown my statement he said: "Mr. Caldwell's Maine price is correct—that is, the cash price, $90; but he quoted the long-time price in New Brunswick of $97.50. The difference is the difference between the cash price and the time price." Well I have under my hand the Massey-Harris price list that was in operation at the time [illegible] statement in the summe[illegible] price list on the basis of [illegible] their agents whom I know [illegible] well sold Massey-Harris machi[illegible]. This price list shows the Massey-Harris cash price for a 6-foot mower was $99, or $1.50 higher than I quoted as being the price of the International Harvester Company, and the Massey-Harris long time price was $114. Now that shows the dependence you can put on statements of the manufacturers when they find their corns are being trampled upon; they will tell you anything if the other fellow is not there to contradict it. I cannot help putting the hon. member for Lincoln in the same category as Mr. Vincent Massey.

I promised to deal with the question of fertilizers; I want to do this briefly. I want to give you the imports of fertilizers into Canada from 1916 to 1921 as taken from the Dominion government statistics. By the way, fertilizer chemicals come into Canada free of duty; mixed fertilizer pays a duty of 10 per cent. I suppose we will be told that duty is not taken advantage of, either. But I happen to have a price list under my hand—two of them, in fact—issued from an office in my own province. One is the Maine price list for 1921-1922, and the other is the New Brunswick price list for 1921-1922, issued from the very same office, for the very same brand of fertilizer put up out of the same bin and there is a much longer freight haul to the state of Maine because the fertilizer has to pass over nearly the whole length of New Brunswick to get from the factory to Maine. These price lists show that the same brand and analysis of fertilizer was sold in Maine for $9 per ton less than in New Brunswick right at the factory.

Mr. McMaster: Where is it manufactured?

Mr. Caldwell: I am glad my hon. friend has asked that question. This fertilizer is mixed in New Brunswick. They call themselves manufacturers, but they manufacture nothing. They buy their chemicals and import them, put them in a hopper, stir them up, bag them, and put them out. They are not manufactured at all. They simply mix the ingredients. Our farmers, for the reasons I am going to give, are now importing their own chemicals in large quantities, and I want to give the House the price at which they buy their chemicals and the price at which these manufacturers, as they call themselves, sell the stuff. Last year the difference between the Maine and New Brunswick price for fertilizer from the same factory was $15. Of course, there was the exchange rate in their favour last year; American money was worth so much more. That was legitimate, but I do not think it is legitimate for them to take advantage of the tariff.

Mr. McMatser: That is what it is for.

Mr. Caldwell: I stated in this House two years ago that I thought the manufacturers of this country should hail the exchange rate at that time as a godsend, because it furnished them just the same kind of protection that a tariff does.

In 1916 we imported duty free fertilizers into Canada to the amount of $1,622,998. That would amount to 40,824 tons. I have estimated that in the last six years the average difference between the Maine and New Brunswick price of mixed fertilizer is $10. The difference was $9 this year, $15 last year, and it has never been less than $9, I think, in the last six years. So the Canadian manufacturer of fertilizer, as he calls himself, the Canadian mixer, as I call him, was able to exact $10 per ton more from the farmers of Canada on account of this duty, and in 1916 he exacted $408,240 of an extra profit on that 40,824 tons. That same year we imported dutiable fertilizer to the amount of $586,751, and we collected in duty on that fertilizer $58,675. In other words, the customs tariff enabled the Canadian mixer of fertilizer to put into his pocket $408,240 of an extra profit, while it produced in revenue for the country only $58,675. I shall not weary the House by giving the whole list, but figures for the five succeeding years correspond with those I have given. In the past six years we imported duty free fertilizers to the amount of $13,520,575, and that gave an extra profit to the manufacturers on account of their taking advantage of the tariff of $3,880,170. We collected in duties in those six years on dutiable fertilizer the sum of $587,134. In other words, in order to collect a little over a million dollars on dutiable fertilizer brought into Canada, we had a tariff that enabled the Canadian mixer to extract from the pockets of the farmers $3,380,170 in extra profits on the duty fertilizer chemicals that they brought in. Still they will tell you they do not take advantage of the tariff!

I want to give another illustration, and I shall give last year's prices as I have not the figures on chemicals for this year. Last year the New Brunswick farmer paid $76.03 in cash by the carload for 4-8-6 brand of fertilizer in bags, 4-8-6 representing 4 per cent ammonia, 8 per cent phosphoric acid, and 6 per cent potash. That is the price we had to pay, but our farmers' organizations, knowing that these fertilizer mixtures were taking advantage of the tariff, imported their own chemicals, and got them laid down at the station freight paid, the very same materials, mind you, for $50.62, or a difference of $24.41 between the cost of the chemicals brought freight paid to our station, and the cost we had to pay when buying the very same article from the factory freight paid to our station. I will now give the ingredients in that brand:

200 lbs Nitrate Soda at $81 per ton	$ 8.10
100 lbs. Sulphate of Ammonia at $92 per ton, Tankage at $62 per ton	4.60
200 lbs. Acid Phos. at $46	6.20
240 lbs Potash (50 per cent) at $111	18.40
	13.32
	$50.62

You will notice that this does not make a ton. The mixer puts in according to the grade of his fertilizer, and the lower the grade the more it takes, sand or road dust, to make it dry enough to go through the machine.

Mr. McMaster: These are not native New Brunswickers, surely.

Mr. Caldwell: I am glad the hon. member asked that question. I spoke of the fact that the Canadian mixer of fertilizer was able to collect that vast extra profit of $3,000,000 from the potato growers, chiefly of New Brunswick, because very little fertilizer is used elsewhere, solely on account of the tariff. These people who mix this stuff are not New Brunswick people or Canadians, so far as I know. They are a Canadian branch of an American firm that has built a little plant down there where they stir up these ingredients, and collect this extra $10 from the farmers of New Brunswick, and then send it back to their American bank. I said in this House two years ago that if we were making Canadian millionaires by the operation of the tariff it would be bad enough, but in this case we are making American millionaires with Canadian money. That is my contention. I do not wish to weary the House by reading any more figures.

Some one may say: The hon. member for Carleton is just like a lot of other men, pointing out a lot of difficulties and not suggesting any remedy, but before I come to that I just wish to show how many barrels of potatoes are necessary to buy a ton of fertilizer from the fertilizers mixers of New Brunswick at the present time. The hon. members for Saltcoats (Mr. Sales) told us the other evening how

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