

OFFICIAL REPORT
 OF THE
 DEBATES
 OF THE
 HOUSE OF COMMONS



OF THE
 DOMINION OF CANADA

FOURTH SESSION—TWELFTH PARLIAMENT
 [SPECIAL WAR SESSION]

5 GEORGE V., 1914

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COMPRISING THE PERIOD FROM THE EIGHTEENTH DAY OF AUGUST TO THE
 TWENTY-SECOND DAY OF AUGUST, INCLUSIVE.



OTTAWA
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 EXCELLENT MAJESTY

1914

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OF THE

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G.C.M.G., P.C., K.C., LL.D.

AT THE OPENING OF THE

FOURTH SESSION OF THE TWELFTH PARLIAMENT

1914

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FORMED OCTOBER 10, 1911

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1914

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ALPHABETICAL LIST

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FOURTH SESSION, TWELFTH PARLIAMENT

1914

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WATERLOO, S. RIDING—Hon. George A. Clare.
WELLAND—William Manley German.
WELLINGTON, N. RIDING—W. A. Clarke.
WELLINGTON, S. RIDING—Hugh Guthrie.
WENTWORTH—Gordon C. Wilson.

WESTMORLAND—
WINNIPEG—Hon. Robert Rogers.
WRIGHT—Emmanuel B. Devlin.

YALE-CARIBOO—Hon. Martin Burrell.
YAMASKA—A. A. Mondou.
YARMOUTH—Bowman Brown Law.
YORK, N.B.—Harry F. McLeod.
YORK, ONT., C. RIDING—Thomas George Wallace.
YORK, ONT., N. RIDING—J. A. Macdonald Armstrong.
YORK, ONT., S. RIDING—William Findlay Maclean.
YUKON TERRITORY—Alfred Thompson.

CANADA

House of Commons Debates

OFFICIAL REPORT—REVISED EDITION

HOUSE OF COMMONS.

Speaker: HON. THOMAS SIMPSON SPROULE.

Tuesday, August 18, 1914.

The Parliament which had been prorogued from time to time to the 28th day of August, 1914, met this day at Ottawa, for the despatch of business, pursuant to proclamation of His Royal Highness the Governor General.

The House met at Three o'clock, the Speaker in the Chair.

Mr. SPEAKER read a communication from the Governor General's Secretary announcing that His Royal Highness would proceed to the Senate Chamber at 3 p.m. on Tuesday, the 18th instant, for the purpose of formally opening the session of the Dominion Parliament.

A message was delivered by Major Ernest J. Chambers, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Royal Highness the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly the House went up to the Senate Chamber.

And the House being returned to the Commons Chamber:

VACANCY.

Mr. SPEAKER: I have the honour to inform the House that during the recess I received notification of a vacancy having occurred in the representation of the electoral district of Westmorland, in the province of New Brunswick, consequent upon the demise of the Hon. Henry Robert Emmerson. I accordingly have issued my warrant to the Clerk of the Crown in Chancery to make out a new writ of election for the said electoral district.

OATHS OF OFFICE BILL.

On motion of Sir Robert Borden, Bill No. 1, respecting the Administration of Oaths of Office, was introduced and read the first time.

THE GOVERNOR GENERAL'S SPEECH.

Mr. SPEAKER: I have the honour to inform the House that when the House did attend His Royal Highness the Governor General this day in the Senate Chamber, His Royal Highness was pleased to deliver a Speech to both Houses of Parliament. To prevent mistakes I have obtained a copy, which is as follows:

Honourable Gentlemen of the Senate: Gentlemen of the House of Commons:

Very grave events vitally affecting the interests of all His Majesty's dominions have transpired since prorogation. The unfortunate outbreak of war made it immediately imperative for my ministers to take extraordinary measures for the defence of Canada and for the maintenance of the honour and integrity of our Empire.

With respect to such of these measures as may require the sanction and approval of Parliament, the necessary legislative proposals will be submitted for your consideration. Other bills authorizing additional measures which are essential for the public safety will also be presented to you without delay.

Gentlemen of the House of Commons:

Estimates will be laid before you to provide for expenditure which has been or may be caused by the outbreak of hostilities.

Honourable Gentlemen of the Senate: Gentlemen of the House of Commons:

The critical period into which we have just entered has aroused to the full the patriotism and loyalty which have always actuated the Canadian people. From every province and indeed from every community the response to the call of duty has been all that could be desired. The spirit which thus animates Canada inspires also His Majesty's dominions throughout the world; and we may be assured that united action to repel the common danger will not fail to strengthen the ties that bind together those vast dominions in the possession and enjoyment of the blessings of British liberty.

As representative of His Majesty the King, I must add my expression of thanks and admiration for the splendid spirit of patriotism

and generosity that has been displayed throughout the length and breadth of the Dominion.

On motion of Sir Robert Borden, it was ordered that the Speech of His Royal Highness the Governor General to both Houses of Parliament be taken into consideration on Wednesday next.

BUSINESS OF THE HOUSE.

On motion of Sir Robert Borden, it was resolved, that Government notices of motion and Government orders have precedence over all other business, except questions and notices of motions for the production of papers, on Mondays, Wednesdays and Thursdays; that on Wednesdays the rule adjourning the House at six o'clock, p.m., be suspended, and that the order of business and the hour of meeting be the same as on Tuesdays.

THE EUROPEAN WAR.

PAPERS PRESENTED.

Copies of Orders in Council from August 2 to August 15, 1914, bearing on the outbreak of hostilities in Europe; copy of correspondence by cable between the Governor General and the Secretary of State for the Colonies, from August 1 to August 15, 1914; copy of correspondence between the Prime Minister and the Hon. George H. Perley, from August 4 to August 13, 1914.—Sir Robert Borden.

Copy of Order in Council, No. P.C. 1313, dated the 18th of May, 1914, relating to the organization of a Naval Volunteer Force.—Hon. J. D. Hazen.

On motion of Sir Robert Borden, the House adjourned at 3.50 p.m.

Wednesday, August 19, 1914.

The House met at Three o'clock, the Speaker in the Chair.

HOUSE OF COMMONS.

APPOINTMENT OF OFFICIAL.

Mr. SPEAKER informed the House that he had directed the Clerk to lay upon the table of the House his recommendation and the clerk's report in the matter of the appointment of Mr. John T. Dunn, as clerk in subdivision B of the second division of the Law Branch of the House of Commons.

THE EUROPEAN WAR.

PAPERS PRESENTED.

Correspondence respecting the European crisis, as presented to both Houses of the
[Mr. Speaker.]

Parliament of the United Kingdom by command of His Majesty; also a number of the 'Hansards' of the Parliament of the United Kingdom, containing the official statement made by the Secretary of State for Foreign Affairs, in which he explains and comments upon the above-mentioned correspondence, and the official statement made by the Prime Minister of the United Kingdom on the 6th day of August, 1914, in relation to the same matter.

Sir ROBERT BORDEN moved:

That the paper (miscellaneous No. 6, 1914) containing correspondence respecting the European crisis, which has been presented to the Parliament of the United Kingdom and has been laid upon the table of this House, be printed forthwith, together with the speech of the Secretary of State for Foreign Affairs delivered in the House of Commons of the United Kingdom on the third of August, 1914, and the speech of the Prime Minister of the United Kingdom delivered in the said House of Commons on the sixth day of August, 1914, which contain official explanations of and comments on the correspondence aforesaid.

He said: There will be no question, I should think, as to the desirability of printing at once the White Paper itself, as it is called, which contains all the correspondence leading up to the unfortunate outbreak of war. It seems to me also, in view of the rapidity with which these incidents have occurred, and having regard to the fact that there was not an opportunity for the Government of the United Kingdom to consult with the governments of the overseas dominions, as they would have done had time permitted, that the two official pronouncements to which I have alluded should also be printed for the information of members of this House, in order that we may understand precisely the nature of the events which led up to the war, and the view which commended itself to the judgment of His Majesty's advisers in the United Kingdom.

Sir WILFRID LAURIER: I would suggest that these very important papers be so printed as to be available not only to the members of this House but to the people at large throughout the country.

Mr. MICHAEL CLARK: I do not know just how much my right hon. friend or the members of his Ministry have read of the debate in which Mr. Asquith's speech was delivered. I have read it very carefully, and was struck with the importance of the speech of Mr. Bonar Law, the leader of the Opposition, on that occasion. It was by no means an ordinary speech, and supple-

mented in some very material points the excellent speech of Mr. Asquith. I would like to ask the Government whether they would consider the advisability of adding the speech of Mr. Bonar Law to the other speeches to be printed.

Sir ROBERT BORDEN: As far as the suggestion of my right hon. friend is concerned, I accept it at once. It is a very proper one, and we shall be prepared to have printed such a number of copies as will enable the documents in question to have the widest publicity in this country, as I think they should have. I restricted the proposal to the speeches of the Secretary of State for Foreign Affairs and the Prime Minister because those are official; but in a certain sense the leader of an opposition in the system of government we have in all British dominions occupies also an official position, and, if it commends itself to the judgment of the House, as I have no doubt it will, we shall be very glad to add to the motion, as my hon. friend from Red Deer (Mr. Michael Clark) suggests. I have read the speech of Mr. Bonar Law, and I entirely agree with my hon. friend from Red Deer in his appreciation of it. The motion may be considered amended accordingly.

Motion, as amended, agreed to.

SUSPENSION OF CERTAIN RULES

Sir ROBERT BORDEN: The officers of the House have suggested to me that certain rules of an unimportant character, so far as this session is concerned, might with advantage be suspended during the present session, and I have had placed in my hands this motion, which I now move:

That rules Nos. 9, 10, 62, 90 and 121 be suspended during the present session of Parliament.

I will explain to the House what the rules are. The first is that the Speaker shall within ten days after the opening of each session lay on the table of the House a report of the proceedings for the preceding year of the Commissioners of Internal Economy. Rule 10 provides for the appointment of Standing Committees. Rule 62 provides that the Clerk shall make and cause to be printed and delivered to each member a list of the reports or other periodical statement which it is the duty of any officer or department of the Government to make to the House. Rule 90 is with regard to applications for private Bills, and rule

121 provides that a report shall be made to the House at the opening of the session with regard to the state of the Library.

Motion agreed to.

THE BUDGET.

Hon. W. T. WHITE (Minister of Finance): I beg to announce that it is my intention to move the House into Committee of Ways and Means to-morrow, and to present my financial statement or Budget. I realize, however, that the notice I am giving is very brief, and if it will be more convenient to hon. gentlemen opposite that I should fix a later date I shall of course be very pleased to do so.

Sir WILFRID LAURIER: There can be no objection—far from it—to my hon. friend making his statement to-morrow; but perhaps we shall not be ready for such discussion as may take place upon it, and it may then be adjourned to the following day.

THE EUROPEAN WAR.

ADDRESS IN REPLY TO THE GOVERNOR GENERAL'S SPEECH.

The House proceeded to the consideration of the Speech of His Royal Highness the Governor General at the opening of the session.

Mr. DONALD SUTHERLAND (South Oxford) rose to move that an Address be presented to His Royal Highness the Governor General offering the humble thanks of this House to His Royal Highness for the gracious speech which he has been pleased to make to both Houses of Parliament. He said:

Mr. Speaker, under ordinary circumstances it is considered no mean compliment by a constituency to have its representative selected to move the Address in reply to the speech from the Throne; but, in view of the circumstances necessitating the calling of an emergency session of Parliament at this time, the people of the riding I represent doubly appreciate the compliment paid them. I both appreciate and realize the honour and the responsibility of having that task delegated to me. However, my fears in that respect are somewhat mitigated by a consciousness that the present is not a time for empty words, but for action. No lengthy disquisition would therefore be in keeping with the occasion.

The Address delivered to both Houses of Parliament, though containing few words, conveys a meaning, and is a reminder to the

people of Canada that there are duties of citizenship, which in times of peace may have been lightly regarded, if not altogether neglected. With all our boasted civilization, advancement, and progress of the last fifty years, there is but one thought in the minds of the people to-day, and that is war. The skill, the genius, and the energies of the nations of Europe have been applied and devoted to maintaining what they erroneously termed 'an armed peace' by the preparation of the most tremendous and terrible engines of destruction ever conceived of. Rumbblings of distant thunder have been heard and dark and threatening clouds have been visible on the horizon for several years. These have at last burst forth like a tornado, and threaten the whole world with the most terrific and devastating war the world has ever seen. The greatest disaster of recorded time is at hand; many millions of men are now engaged in one of the most desperate and fearful struggles the mind of man can conceive of.

Under these circumstances, we may well ask ourselves where we stand, what position we occupy, what are the sentiments of our people in regard to the situation. As a part of the British Empire, when that empire becomes involved in war, we of necessity are involved in war and subject to all that that implies.

How the British Empire became involved in the struggle is familiar to every one. The British Government exerted every means in their power, in the face of great provocations to the contrary to prevent war, and have sought peace with an earnestness worthy of responsible statesmen—not a dishonourable peace, but a peace in keeping with the traditions of the British Empire, and in keeping with the civilization of the age in which we live. The proposal made to the British Government by the autocrat who to-day controls the German Empire, through his Chancellor, in return for British neutrality in the war into which he had plunged Europe, was an insult to the honour of the British nation, and was well characterized by Premier Asquith as an infamous one. It was proposed that Great Britain should remain passive and allow the despot of Germany, if he could accomplish it, to become the despot of Europe—to strip France, Great Britain's ally, of her possessions, and to overrun Belgium with her armies, in defiance of treaties the most sacred and binding to which she was a party.

War has been forced upon the Empire,
[Mr. Sutherland.]

and Britain has gone to war rather than have a dishonourable peace that would be unworthy of the traditions of the Empire. We believe their cause is just, and—as Premier Asquith stated in the Imperial House of Commons when asking for a vote of credit of £100,000,000, and power to raise an army of 500,000 men—Great Britain is fighting to fulfil a solemn international obligation, which in private life would have been regarded as an obligation, not only of law, but of honour, and, secondly, to vindicate the principle that small nationalities are not to be crushed in defiance of international good faith by the arbitrary will of a strong and overmastering power. No nation ever entered into a great controversy with a clearer and stronger conviction that it was fighting, not for aggression, not for the maintenance of its own selfish interest, but in defence of principles the maintenance of which were vital to the civilization of the world.

British rule has given British subjects the greatest degree of peace, liberty and protection enjoyed by any people in the world, and has been the means of bringing the same to other nations as well. It is, therefore, not surprising under these circumstances that offers have been received from every one of the self-governing dominions of the Empire of help to the limit of their resources, both in men and money. There is no mistaking the sentiment of the people of Canada. To-day we are ready to face the issue, and justly so. The British Empire has been forced into a war to redeem its pledged word and insulted honour. This is no time for discussion or hesitation; all that can be done must be done.

Among the citizens of Canada are many people of German extraction or birth, who are held in high esteem as citizens, and loyal subjects of His Majesty the King, and who are not in sympathy with the autocratic military, mad ambitions of the German Emperor and his Government. The attitude and the sentiments of the German citizens of Canada with regard to the present war have, I believe, been clearly and truly expressed in a letter of the 15th instant, published in the local press of my county, from the pen of Prof. F. V. Riethdorf, of Woodstock College, a part of which I am going to quote, as follows:

We must deeply sympathize with the German people in the sufferings and dangers brought upon them by their ruling classes, by their oligarchic, insane, military government. It is the Germany of the 'clinchéd fist' and the 'drawn sword' of the 'shining armour' and the 'sabre rattling in the scabbard' that calls for

no sympathy on our part. It is the Germany that has precipitated the monstrous world struggle of the day that fills us all with horror and indignation. It is for the official Germany and her leader-and soul, William II that we have only detestation, not for the peaceable, kind, amiable and sane German people. We are at war with the system of Germany, not with the German race.

I am a native German and former German soldier. My own position in this struggle is perfectly clear. My loyalty to the British flag make me stand against any and all enemies of Britain. If need be I should even fight against Germany, though with a bleeding heart. Furthermore, I desire disaster to the German army in this war, for the reason that it will mean restoration of fellowship among the western nations for one of the greatest peoples of Europe. A liberated, free, democratic Germany will start on a new and lasting era of prosperity, of peace, arm in arm with England and France. Germany's defeat will mean the establishment of a German republic and the elimination of William II and all that he stands for. Such things as 'Divine right' and 'mailed fist' are anachronisms, an insult to the intelligence of the people of the twentieth century. William II is the common foe of Europe, and he must be eliminated. Defeat of Germany in this war means ultimate salvation and freedom for her; Germany will be the greatest gainer through defeat. This is my consolation when I think of the terrible affliction which this war will bring upon her. Victory for the Germans arms would make William II the war lord of the world. He would rule Europe with an iron hand. The militarism of the future would be far worse than the militarism of the present, and there would be no end to war and bloodshed.

Germany will and must lose in this righteous war, but she will lose only after a hard and bitter fight.

German citizens and those of other nationalities have found, under British rule in Canada and the other self-governing dominions of the Empire, that liberty has proven to be the keystone of the success of the British Empire, not only under our present Sovereign, King George V, but also under our late beloved Sovereign, King Edward VII, whose devotion to duty and peace earned for him in the history of kings and nations a place which will endure through the ages, under the title of Edward the Peacemaker. Liberty also characterized the long reign of Queen Victoria, during which reign all of us were born; and it is recorded in history that no British sovereign was ever so beloved, and that no sovereign on any throne or in any age so commanded the admiration, affection and esteem of all nations as did Queen Victoria the Good. We can assure His Royal Highness the Governor General, the sole surviving son of that royal mother, himself a distinguished soldier, statesman and diplomat, that the people of Canada feel they

have been highly honoured and benefited by his appointment as Governor General, and by the services which he has rendered Canada and the Empire during his term of office; and we have learned with pleasure and satisfaction that he is to remain in that capacity until the termination of the present war, during which his ripe experience will prove of incalculable value to Canada, and will do much to strengthen the ties that bind together the vast dominions of the Empire, and promote the blessings of British liberty.

The Government are to be commended for their promptness in immediately taking action to forward troops and munitions of war, without waiting for Parliament to assemble, with the certain assurance that the sentiment of the people of Canada and of Parliament would endorse and sustain such action.

Canada is enormously indebted to the motherland for much we enjoy to-day. The whole burden of maintaining and sustaining the defence of the Empire has fallen on the shoulders of the people of the motherland. Well may the blush of shame mantle our cheeks when we realize the position we occupy to-day. Let us hope and pray that, before the crucial test comes in the present war, the flower of the youth and manhood of our nation, who are to-day volunteering by thousands, and who are ready, if necessary, to sacrifice their lives for the cause of British liberty, which means the success of British arms and our national existence, may be found fighting shoulder to shoulder with the men of the motherland and the sister dominions.

The war may be a long and bitter one; the loss of life is sure to be enormous; suffering and want may come to many who are dependent on those who go to the front, or who may fall in battle. It is therefore the duty of the people of Canada and the Government of Canada to make provision for the alleviation of such suffering and want. Would not the tribute we would be called upon to pay be most beggarly when compared with the sacrifice, the tribute of life-blood paid by our country's defenders? There is no sacrifice the occasion demands that the people of Canada are not prepared to make. Let our response to the needs of the Empire be immediate and sufficient.

Mr. D. O. L'ESPERANCE (Montmagny): (Translation). Mr. Speaker, this is a time for deeds, not for speeches. While fully appreciating the compliment paid to the

county of Montmagny by the right hon. leader of the Government, in calling on me to second the Address in answer to the Speech from the Throne, I do not propose to take up more than is necessary of the time of the House, so as to permit the prompt putting through of such urgent measures as are rendered imperative by developments of the most grievous and ominous character for every part of the British Empire.

I have the honour to represent in this House an essentially agricultural constituency, that is to say a peaceful, thrifty and hardworking community, deriving profit and happiness from the cultivation of the broad acres cleared by our ancestors, emigrants from la belle France, and for more than a century enjoying peace and liberty under the folds of the British flag. Indeed, it would have been for me a more pleasing task, Mr. Speaker, to have addressed the House under circumstances of a less painful character, when I might have been content with following in the footsteps of my forerunners, and after their example, though in less felicitous language, refer in general terms to the prosperity of our fine and immense country, extol its wealth, point out its inexhaustible resources, the development of which is barely started, then, taking a look into the future, forecast with reasonable certainty the great destiny in store for it. But Providence has not so willed it; the task which has fallen to me is unfortunately of a less agreeable and much more burdensome nature. It is for the purpose of defending the heritage of our fathers, of safeguarding our homes and our liberty in jeopardy, that we are assembled now.

There was never a more opportune time for every one of us to repeat, with some slight alteration, the appeal uttered by Nelson when giving the signal for that memorable battle which was to ensure to Great Britain the mastery of the seas: Canada expects every hon. gentleman in this House to do his duty. And should we need some encouragement from the example of others, we have under our eyes what has occurred in the French House of Representatives, where, in spite of the fierceness of the war waged between the various political groups, a free hand was granted, unambiguously and enthusiastically, to the Government of the Republic, so as to ensure the safety of the country in the hour of danger. In fact, it may be asserted with absolute certainty that France at this moment is

[Mr. L'Espérance.]

ready for the fray, as fully as she has ever been at any time. The French people are ready to make every sacrifice and to spill their last drop of blood to repel the German invader.

We have still in our minds what happened recently in the British House of Commons, when a great lesson in patriotism given by the Irish Nationalist leader, John Redmond, did more possibly to forward the great cause of Ireland's autonomy in the hearts of the English people, than all the fighting of bygone centuries. But why should we look abroad, when in this very country we still have sounding in our ears the noble words of the right hon. leader of the Opposition, stating at the very opening of hostilities, that he would concur in every measure which the Government might think fit to take, so as to enable the most important colony of the Empire to participate in the common defence. The patriotic stand taken by the Right Hon. Sir Wilfrid Laurier, in the terrible emergency which the Canadian people and the Empire are confronted with, will be reckoned among the most admirable achievements of his long and fruitful political career. I shall not dilate at greater length on this subject. It appertains to history and not to me to record in golden letters the patriotic deeds of French, British and Canadian statesmen who, at the proper time, have had the wisdom of setting aside their quarrels, to better insure the salvation of the country. Such examples set by men in high positions will be followed, I am sure, by all Canadians whatever their origin, their creed or their party affiliations.

A thunderclap such as that which has just upset Europe and shaken in its very foundations the whole commercial, industrial and financial fabric of the old and the new world, such a thunderclap, I say, was needed to make us properly realize the solidarity of interests which binds every part of the British Empire in the matter of national defence.

Within a week of the opening of hostilities, the British Admiralty was in a position to announce to the whole world that the great commercial highway of the Atlantic ocean could be utilized safely by ships of the allied or neutral nations. That victory, which is of considerable bearing and of unspeakable advantage for the whole of North America, and especially for this country, was a silent victory, won unostentatiously, through the sheer superiority of the British fleet, and before Canada had even

had time to contribute a single cent in cash or a single drop of Canadian blood.

I was in New York, the great commercial metropolis of the United States, on the day following the declaration of war between Great Britain and Germany. The dismay caused in the business circles of the United States in the course of a few days, consequent on the blockading of the ports, the congestion of grain and merchandise, and the interruption of international trade, challenges description. The worst panic which has ever been witnessed in modern times was avoided, thanks to one circumstance only: the assurance that the British fleet would succeed before long in restoring freedom of intercourse between the two countries.

Then it was, Mr. Speaker, that I fully understood the eminently civilizing and salutary action exerted in the affairs of the world by the formidable invincible British fleet. The British empire makes use of that force and of that power, not for the purpose of enslaving peoples, or of restricting the trade activities of its competitors, but with the object of upholding treaties and coming to the rescue of states too weak to defend themselves, such as Belgium, or else of protecting the free intercourse of allied or neutral powers, such as France or the United States, though though they may be rivals of Great Britain in some branches of commerce or industry.

We have had in the past our differences of opinion; further differences will crop up between us in the future, when this terrible crisis is over; but there exists at this moment—I make this statement without fear of contradiction—there exists at this moment among Canadians no difference of opinion as to the absolute necessity of our co-operating in the defence of the empire.

Already the Government have taken such measures as circumstances rendered imperative; this House will no doubt be anxious to sanction them and approve of all others which will be brought down for the country's security: protection and defence of our large seaports; active supervision of our large business arteries, canals and railways; judicious increase of the paper currency, so as to prevent speculation or the exportation of gold, and maintain our credit on a solid basis, a factor of such great import to our trade and industries during this period of economic stringency. This House will also be called upon to vote moneys for the sending of contingents of Canadian volunteers, in accord-

ance with the requirements of national defence.

Not without a pang will we see the pick of our militia leave our shores to fight for the country outside the boundaries of Canada; but I am satisfied that Canadian mothers will be courageous as their sisters in France, who have words of encouragement only for husbands and sons when the parting hour is at hand, resolutely controlling their feelings until the dear ones have departed. But, then, how differently these countries are situated. On the other side all the men in a position to bear arms are drafted into the service; every home is deprived of its bread winners, fathers, husbands, brothers, sons, mere youths perhaps. Here the service is quite voluntary; in the case of a married man, there is still another requirement: before enlisting the husband must get his wife's consent.

It will be incumbent on the Government and on the citizens of this country to provide for the sustenance of the families which will thus be deprived of their means of support. An enlightened patriotism commands that each one should do his duty and undergo willingly his share of sacrifices. Canada will never be able to pay off its debt of gratitude towards those who are leaving to fight abroad in defence of the common country. Glory and honours should go first to those who are the first in the fray. But it is incumbent on those who remain and who will profit by the self-sacrifice of the others, to help in other ways; by contributing to the fund organized for the relief of the wounded, widows and orphans; by tendering help to the families temporarily deprived of their bread-winner; by preventing in every way possible criminal speculation in foodstuffs and staples. Those wretches who avail themselves of these troublous times to grow rich through speculating on the misery of the people, should be considered as enemies of their country and dealt with accordingly. I understand that certain classes of goods, owing to the increase in the demand or the restriction of imports, will necessarily command a higher price. We are willing to abide by that: it is the inevitable outcome of war. But that, barely a week after the declaration of war in Europe, a staple article of food, such as sugar, for example, should in Canada go up two cents a pound, I say that such a leap can only be the result of a selfish and shameless spirit of speculation, which I do not fear to brand as criminal.

It is incumbent on the Government to at once take rigorous measures and punish all guilty parties, whoever they be. The people who will be called upon to make enormous sacrifices for the defence of the country should not be made to suffer ruthlessly for the sole benefit of some unfeeling individuals.

A few words, Mr. Speaker, and I shall be through. I promised at the outset to be brief, and I do not wish to impose for too long a time on the good nature of the House. Fully aware as I was of my inability to properly address this House in reference to these momentous events of recent date, I had decided at the outset to decline accepting the honour which was tendered me. However, I thought I owed it to the county I represent, as well as to the great mass of my fellow people, farmers and artisans, whose labours, efforts, sorrows and joys I have shared in my youth, to express in the common but sincere language of the people, what I think and do not fear to speak aloud.

A member hailing from another province than my own enquired from me last week what Quebec was going to do in the present crisis. 'It's duty,' I answered. And I hastened to add: 'Tell me, at what time in the history of the country did the French-speaking Canadian turn a deaf ear when called upon to defend his country, his religion, his tongue and his rights?' In this war all that is dear to the French-speaking Canadian is at stake. The defeat of England, the dismemberment of the Empire, would signify for him the loss shortly of all that makes up his strength, ensures his prosperity and happiness of his home life. The noble stand of the Nationalist leader, John Redmond, to whom I referred a moment ago, has had its counterpart in previous history: that was the stand taken by the Catholic clergy of Lower Canada, about one hundred and forty years ago, at the time of the War of Independence. And since then French-Canadians have not receded from that stand; on the contrary, they have adhered to it with increasing firmness consequent on the respect shown by Great Britain for our privileges and laws, and the wider autonomy granted to us by the mother country.

It is not now, Mr. Speaker, when both our mother countries, France and England, are fighting hand in hand for civilization and liberty, that the French-Canadian will adopt a policy different from that which was laid down for him by his loyal

[Mr. L'Espérance.]

and devoted clergy on the day following the conquest.

The sons of those gallant Frenchmen who settled Canada, a cross covering their breasts, with one hand clenching their musket, while the other held the plough, fear neither battle nor bullets when it comes to defend, as in this case, the integrity of the vast Empire, which ensures to them the greatest measure of freedom and happiness which ever people was allowed to enjoy.

I have the honour to second, Mr. Speaker, the motion for the Address.

Right Hon. Sir WILFRID LAURIER: The observations which I shall have to offer to the House are few and brief. In fact, apart from the usual compliments and congratulations to the mover and the seconder of the Address, which, I am glad to say, I have more than usual pleasure in extending to them, I have but one declaration to make.

The gravity of the occasion which has called us together makes it incumbent upon us even to disregard the formalities and conventionalities which in ordinary times the rules of the House, written and unwritten, enjoin as a wise safeguard against precipitate action, but which, on such an occasion as this, might impede us in dealing with the momentous question before us. This session has been called for the purpose of giving the authority of Parliament and the sanction of law to such measures as have already been taken by the Government, and any further measures that may be needed, to insure the defence of Canada and to give what aid may be in our power to the mother country in the stupendous struggle which now confronts her. Speaking for those who sit around me, speaking for the wide constituencies which we represent in this House, I hasten to say that to all these measures we are prepared to give immediate assent. If in what has been done or in what remains to be done there may be anything which in our judgment should not be done or should be differently done, we raise no question, we take no exception, we offer no criticism, and we shall offer no criticism so long as there is danger at the front. It is our duty, more pressing upon us than all other duties, at once, on this first day of this extraordinary session of the Canadian Parliament, to let Great Britain know, and to let the friends and foes of Great Britain know, that there is in Canada but one mind and one heart, and that all Canadians stand behind the

mother country, conscious and proud that she has engaged in this war, not from any selfish motive, for any purpose of aggrandisement, but to maintain untarnished the honour of her name, to fulfil her obligations to her allies, to maintain her treaty obligations, and to save civilization from the unbridled lust of conquest and domination.

We are British subjects, and to-day we are face to face with the consequences which are involved in that proud fact. Long we have enjoyed the benefits of our British citizenship; to-day it is our duty to accept its responsibilities and its sacrifices. We have long said that when Great Britain is at war we are at war; to-day we realize that Great Britain is at war and that Canada is at war also. Our territory is liable to attack and to invasion. So far as invasion is concerned, I do not see that there is any cause for apprehension, for it seems to me obvious that neither Austria nor Germany, our foes in this war, can command any force able to make an attack so far from their base. But no one pretends that our maritime cities on the Pacific and the Atlantic, are free from the possibility of insult by an audacious corsair, who, descending suddenly upon our shores, might subject them to an insolent raid and decamp with his booty before punishment could reach him. This is not an unfounded dread of danger; this is no mere illusion; it is a real and indeed a proximate danger, since it is a matter of notoriety that both on the Pacific and on the Atlantic there are German cruisers whose mission is to inflict all the injury they can upon our commerce, and even to raid our cities should they find our harbours unguarded. We are aware that the Government has already taken measures, and very appropriately, to guard against this danger. We know that one of our battleships on the Pacific has been seeking the enemy, and if she has not yet engaged him it is because the enemy has eluded her pursuit.

We have had another and more striking evidence that when Great Britain is at war we are at war, in this—that our commerce has been interrupted, and perhaps the expression would not be too strong if I were to say that it has been to some extent dislocated. From the day war was declared—nay, from the day the possibility of war was first mooted—our shipping to Great Britain and to Europe has been interrupted. Ships were lying at the docks fully loaded and ready to put to sea, but unable to do so

because of the fact that when England is at war Canadian property on the high seas is liable to capture. Our ships therefore had to remain in port so long as precautions had not been taken to clear the way and to ensure their safe passage across the ocean. What measures have been taken in regard to that we have not yet been told, but I have no doubt that we shall have that information in due time.

The correspondence brought down yesterday, however, has informed us that the Canadian Government has already taken steps to send a contingent of twenty thousand men or thereabouts to take their place in the firing line. Upon this occasion I owe it to the House and to myself to speak with absolute frankness and candour. This is a subject which has often been an occasion of debate in this House. I have always said, and I repeat it on this occasion, that there is but one mind and one heart in Canada. At other times we may have had different views as to the methods by which we are to serve our country and our empire. More than once I have declared that if England were ever in danger—nay, not only in danger, but if she were ever engaged in such a contest as would put her strength to the test—then it would be the duty of Canada to assist the motherland to the utmost of Canada's ability. England to-day is not engaged in an ordinary contest. The war in which she is engaged will in all probability—nay, in absolute certainty—stagger the world with its magnitude and its horror. But that war is for as noble a cause as ever impelled a nation to risk her all upon the arbitrament of the sword. That question is no longer at issue; the judgment of the world has already pronounced upon it. I speak not only of those nations which are engaged in this war, but of the neutral nations. The testimony of the ablest men of these nations, without dissenting voice, is that to-day the allied nations are fighting for freedom against oppression, for democracy against autocracy, for civilization against reversion to that state of barbarism in which the supreme law is the law of might.

It is an additional source of pride to us that England did not seek this war. It is a matter of history—one of the noblest pages of the history of England—that she never drew the sword until every means had been exhausted to secure and to keep an honourable peace. For a time it was hoped that Sir Edward Grey, who on more than one occasion has saved Europe from such a calamity, would again avert the awful

scourge of war. Sir, it will go down on a still nobler page of history that England could have averted this war if she had been willing to forego the position which she has maintained for many centuries at the head of European civilization;—if she had been willing to desert her allies, to sacrifice her obligations; to allow the German Emperor to bully heroic Belgium, to trample upon defenseless Luxemburg, to rush upon isolated France, and to put down his booted heel upon continental Europe. At that price England would have secured peace; but her answer to the German Emperor was: 'Your proposals are infamous.' And, rather than accept them, England has entered into this war; and there is not to-day in the universe a British subject, there is not outside the British Empire a single man, whose admiration for England is not greater by reason of this firm and noble attitude.

So to-day England is at war. Her fleets are maintaining the freedom of the ocean. Her armies have already crossed the channel towards plains made famous more than once by British valour, this time to maintain the independence of Belgium by taking a place in the fighting line beside the small and heroic Belgian army, and to help scarcely less heroic France, whose forces are concentrated in an effort to repel the invader and to maintain and to save intact that which to a proud nation makes life worth living.

I am well aware that the small contingent of some 20,000 men which we are going to send will have to show double courage and double steadiness if they are to give any account of themselves among the millions of men who are now converging towards the frontiers of France, where the battle of giants is to be decided. But, Sir, it is the opinion of the British Government, as disclosed by the correspondence which was brought down to us yesterday, that the assistance of our troops, humble as it may be, will be appreciated, either for its material value or for the greater moral help which will be rendered. It will be seen by the world that Canada, a daughter of old England, intends to stand by her in this great conflict. When the call comes our answer goes at once, and it goes in the classical language of the British answer to the call to duty: 'Ready, aye, ready.'

If my words can be heard beyond the walls of this House in the province from which I come, among the men whose blood

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flows in my own veins, I should like them to remember that, in taking their place to-day in the ranks of the Canadian army to fight for the cause of the allied nations, a double honour rests upon them. The very cause for which they are called upon to fight is to them doubly sacred.

In this country we are not all of the same origin; we are not all of British or of French descent. I was struck by the words of the hon. member for South Oxford (Mr. Donald Sutherland) in reference to our fellow citizens of German origin. They are certainly amongst our best citizens. This has been acknowledged on more than one occasion. They are proud of the land of their adoption, which to many of them is the land of their birth, and they have shown more than once their devotion to British institutions. But, Sir, they would not be men if they had not in their hearts a deep feeling of affection for the land of their ancestors, and nobody would blame them for that. There is nothing, perhaps, so painful as the situation in which mind and heart are driven in opposite directions. But let me tell my fellow countrymen of German origin that we have no quarrel with the German people. We respect and admire as much as they do the proud race from which they have their descent; we acknowledge all that the world owes to the German people for their contribution to the happiness of mankind by their progress in literature, in art and in science. But perhaps our German fellow citizens will permit me to say that, in the struggle for constitutional freedom which has been universal in Europe during the last century, the German people have not made the same advance as have some of the other nations of Europe. I am sure that they will agree with me that if the institutions of the land of their ancestors were as free as the institutions of the land of their adoption, this cruel war would never have taken place. Nothing can be truer than the words which are reported to have been uttered by a German soldier made a prisoner in Belgium that this war is not a war of the German people; and if there is a silver lining to this darkest cloud which now overhangs Europe it is that, as a result and consequence of this war, the German people will take the determination to put an end forever to this personal imperialism, and to make it impossible evermore for one man to throw millions of the human race into all the horrors of modern warfare.

We cannot forget that the issue of battles is always uncertain, as has been proven

already in the present contest. In invading Belgium, some two weeks ago, the German Emperor invoked the memory of his ancestors and called upon the blessing of God. The German Emperor might have remembered that there is a treaty guaranteeing the independence, the integrity, the neutrality of Belgium, and that this treaty was signed in the last century by the most illustrious of his ancestors, Emperor William the First of Germany. He might have remembered also that there is this precept in the divine book: 'Remove not the ancient landmarks which thy fathers have set up.' But the German Emperor threw his legions against this landmark in the fulness of his lust of power, with the full expectation that the very weight of his army would crush every opposition and would secure their passage through Belgium. He did not expect, he could not believe, that the Belgians, few in number and peaceful in disposition and in occupation, would rise in his way and bar his progress; or if he harboured such a thought for one moment his next thought was that if he met such opposition he could brush it aside by a wave of his imperial hand. Sir, he should have remembered that in the sixteenth century the ancestors of the Belgians rose against the despotism of Phillip II of Spain, and, through years of blood and fire and miseries and sufferings indescribable, they maintained an unequal contest against Spain—Spain as powerful in Europe at that time as the German Empire is to-day. Sir, if there are men who forget the teachings of their fathers, the Belgians are not of that class; they have proved equal to the teachings of their fathers; they have never surrendered; the blood of the fathers still runs in the veins of the sons; and again to-day, through blood and fire and miseries and sufferings indescribable, they hold at bay the armies of the proud Kaiser.

I repeat, Sir, that the issue of battles is always uncertain. There may be disappointments, there may be reverses, but we enter into this fight with full hope as to the ultimate result:

For freedom's battle once begun,
Bequeathed from bleeding sire to son,
Tho' often lost, is ever won.

Sir, upon this occasion we too invoke the blessing of God—not the God of battles, but the God of justice and mercy; and it is with ample confidence in Providence that we appeal to the justice of our cause.

Nay, more, already England has won a signal victory, a victory more precious, perhaps, than any that can be achieved

by her fleets or by her armies. Only a few weeks ago the Irish problem was pending in the scales of destiny. The possibility of civil strife in Ireland already rejoiced the eyes of Britain's enemies. But to-day the spectre of civil war has vanished from Ireland; all Irishmen are united, ready to fight for King and country. The volunteers of the north and the volunteers of the south, forgetting their past differences, stand shoulder to shoulder ready to shed their blood for the common cause. And, Sir, may I not say that the hope is not vain that in that baptism of blood may be washed away, and forever washed away, the distrust of one another which has been the curse of Ireland in ages past.

But it is not only in Ireland that you find this union of hearts. In the two other united kingdoms the voice of faction has been silenced. Even those who on principle do not believe in war admit that this was a just war and that it had to be fought. That union of hearts which exists in the United Kingdom exists also in Canada, in Australia, in New Zealand. Yea, even in South Africa—South Africa, rent by war less than twenty years ago, but now united under the blessing of British institutions, with all, British and Dutch together, standing ready to shed their blood for the common cause. Sir, there is in this the inspiration and the hope that from this painful war the British Empire may emerge with a new bond of union, the pride of all its citizens, and a living light to all other nations.

Right Hon. Sir ROBERT BORDEN: (Prime Minister): Mr. Speaker, I desire to associate myself with the words of appreciation uttered by my right hon. friend (Sir Wilfrid Laurier) with regard to the speeches to which we have just listened from the mover and the seconder of the Address. These speeches fully recognize the duty of unity at the present time, not only in Canada but throughout the British dominions, to meet a crisis, a possible danger, such as has not confronted this Empire for one hundred years at least. I have listened, too, with the utmost interest and profound admiration to the patriotic speech which has just fallen from my right hon. friend the leader of the Opposition (Sir Wilfrid Laurier). Already, even before Parliament had been called, he had announced to his friends and to the country that his meetings were discontinued,

that the voice of party strife was hushed for the time being, and that he and his friends would co-operate in every way with those upon whom falls the duty, the very responsible duty at this moment, of administering the affairs of this country, in taking all such measures as may be necessary for the defence of Canada and for maintaining the honour and integrity of the Empire whose flag floats over us.

The war has come upon us in the end very suddenly indeed, and perhaps we have not all adequately considered the awful responsibility that must have rested upon the Foreign Secretary and the Prime Minister of the United Kingdom when they and their colleagues took the issue which meant war—which meant the first general European war for a hundred years, and beyond all question the most appalling war history has ever known. We read in the press of the haggard faces and the tremulous lips of Mr. Asquith and Sir Edward Grey when they made their announcements; but there as here they were sustained by the thought that for the time being party strife was stilled; and we do not forget that those in the British Isles who had protested most strongly in the first place against the participation of Great Britain in this war united in upholding the hands of the Government and in maintaining the interests and duty of the Empire.

I need not dwell very long upon the incidents which led up to this war. Last evening I had the opportunity of reading with the deepest possible interest the White Paper which was laid upon the table of the House to-day, and which gives a very full and detailed history of the untiring efforts of Sir Edward Grey—who has been rightly characterized by his colleague the Prime Minister, Mr. Asquith, as the Peacemaker of Europe—to prevent war. The splendid efforts made by Sir Edward Grey to preserve the peace of Europe command our warmest admiration. When that proved impossible he most earnestly endeavoured to find some way of escape, short of dishonour, by which Great Britain might remain neutral in that awful contest. The armed forces of Europe, as we all know, during the past twenty or twenty-five years have been increasing beyond measure, and the closest students of the world's politics have believed for many years past that war was bound to come. It did come, and with startling suddenness; and it is my duty to say that after reading the docu-

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ments to which I have alluded, after giving them the most careful and attentive consideration which was permitted to me in the short time that has elapsed since their arrival, I am convinced that no government ever with more whole-hearted earnestness sought to keep the peace of the world and the peace of this Empire than did His Majesty's Government in the United Kingdom. It has been the policy of the British Government for many years past to seek reduction of armaments and thus to lessen the danger which lurks in the enormous armed forces with which the nations of Europe have confronted each other. At and ever since the Hague Conference in 1907, British statesmen have pleaded with the nations of the world to reduce their armaments. At the Hague Conference, and on many occasions since, Great Britain offered to give up what would seem to be very material advantages to her in time of war, if by such concessions she could induce Germany and other countries to abate the awful increase in armaments which had been proceeding. Mr. Asquith, Sir Edward Grey, Mr. Churchill, Mr. McKenna, Mr. Acland—I have their utterances under my hand and could read them to the House if there were occasion—time after time, year after year, on occasion after occasion, the British Government has shown itself most truly and earnestly desirous of bringing about such conditions in Europe as would make for permanent peace if that could be accomplished. Those who may read the papers that have been laid upon the table of the House to-day will find that in the very last moments of peace, before Great Britain finally embarked in the conflict, she made this earnest proposal to the German Government: that if this most appalling crisis could be passed, she would use every influence and every effort that she could command to bring about such an understanding between Germany and her ally on the one hand, and Russia, France and Britain on the other hand, as would relieve Germany and Austria from any possible apprehension of attack from that quarter; and the minister declared himself to be inspired with a very full confidence that if this crisis could be passed, that great result would be brought about.

I will not dwell for more than a moment on the earlier aspects of the war—the war which broke out between Austria and Serbia; but I cannot escape the conviction, after having read the documents to which I have alluded—and I do not think any

member of this House or any man in this country can escape the conviction—that there was a deliberate determination in the first place to force war upon Serbia, regardless of any humiliation to which she might consent or of any consequences which might result from that war. I say that such is my deliberate conviction. The most imperious demand ever made upon any free nation in the world was made by the Austro-Hungarian monarchy on Serbia on the 23rd day of July. It was not to be called an ultimatum, as they afterwards explained; it was to be called a 'demarche,' with a time limit, and under the time limit the reply to that demand made on the 23rd July, had to be delivered not later than six o'clock on the evening of 25th July. I have a summary of the demand and of Serbia's answer under my hand, and I say that a perusal of that demand and of the answer which Serbia gave to it impresses us with the truth of what Sir Edward Grey stated when he said:

It seemed to me that the Servian reply already involved the greatest humiliation to Serbia that I had ever seen a country undergo.

All demands, demands of the most extreme character, were conceded, except one, and that was rejected only conditionally; and the demand which was not conceded was one which would have given to the Austro-Hungarian monarchy for the time being control almost of the Servian judicial system, in so far as inquiry was to be made into certain matters connected with the regrettable assassination of the unfortunate Archduke. If the reply was not considered satisfactory, Serbia offered arbitration or a reference to the Hague tribunal. The reply of the Austro-Hungarian monarchy to that humiliating submission of Serbia was that the answer was not worthy to be regarded, and it was followed by an almost instant declaration of war. Well, as you know, the British Government, and particularly the Foreign Minister, upon whom this tremendous responsibility rested, made every possible attempt at mediation even after that. On the 26th and 27th days of July he asked the great powers of the world to join in mediation, and every one of the great powers consented to that mediation except the Government of Germany. The Government of Germany accepted it in principle, but after that there was merely inaction and evasion.

In the end the efforts at mediation were absolutely fruitless. All pacific action was

evaded, and the question arose as to what should be the course of Great Britain with regard to the war. Great Britain sought by every possible means, by negotiation and otherwise, that war should be carried on under such conditions that her intervention would not be necessary. And the great question which arose at once was as to the neutrality and independence of Belgium, and to have that neutrality and independence respected by the great powers of Europe, particularly Germany and France, both of whom, in common with Great Britain, had guaranteed that neutrality, first of all in 1831, afterwards in 1839, and again, so far as Germany and France were concerned, during the period of the Franco-Prussian war. I need not read the disposition of the treaty. It provided that Belgium should for all time to come be an absolutely neutral and independent country. That was guaranteed by France; that was guaranteed by Great Britain; that was guaranteed by Germany; that was guaranteed by all the great powers of Europe. So great was the interest of Great Britain in this regard during the Franco-Prussian war that she negotiated two treaties at that time, one with the North German Confederation and one with France. The treaty which she negotiated with the North German Confederation provided that the neutrality of Belgium should be respected, and if the neutrality of Belgium were not respected by France during that war, then Great Britain bound herself to fight with the North German Confederation against France in defence of Belgian neutrality. She concluded also another treaty with France by which in the same terms she bound herself with France that if the North German Confederation during that war should violate the neutrality of Belgium, she would fight with France against the North German Confederation in support of Belgian independence and Belgian neutrality.

I cannot resist the conclusion, and I do not think that any man who reads these documents can resist the conclusion, that it was the deliberate intention of the Government of Germany, formed many years ago, to violate the neutrality and independence of Belgium in case war should break out with France. Every man in this country, every man throughout the world, knows that plans of campaign are not made after war breaks out. Plans of campaign are made long in advance, and the German plan of campaign which has been carried out in

the present war is one which involved as a first step in their warlike operations the absolute violation of the independence of Belgium. Let me read a few words from Sir Edward Grey's speech in that regard. He said:

We were sounded in the course of last week as to whether, if a guarantee were given that, after the war, Belgian integrity would be preserved, that would content us. We replied that we could not bargain away whatever interests or obligations we had in Belgian neutrality.

In speaking of the interests of the small nationalities of Europe in this event, he pointed out what will commend itself to the judgment of every man in this House: that once a free nation, once any of these small nationalities commits itself to the principle of having its territory overrun by the armed forces of another nation without offering any resistance, from that time not only the neutrality but the independence of that country is gone. Sir Edward Grey went on to say this with regard to Holland and Belgium:

—The smaller states in that region of Europe ask but one thing. Their one desire is that they should be left alone and independent. The one thing they fear is, I think, not so much that their integrity but that their independence should be interfered with. If in this war which is before Europe the neutrality of one of those countries is violated, if the troops of one of the combatants violate its neutrality and no action be taken to resent it, at the end of the war, whatever the integrity may be, the independence will be gone.

Further on he quoted with striking effect the words of Mr. Gladstone, uttered, if I remember correctly, at the time of the Franco-German war of 1870. Mr. Gladstone said:

We have an interest in the independence of Belgium which is wider than that which we may have in the literal operation of the guarantee. It is found in the answer to the question whether under the circumstances of the case, this country, endowed as it is with influence and power, would quietly stand by and witness the perpetration of the direst crime that ever stained the pages of history, and thus become participators in the sin.

That was the question which presented itself for the consideration of the ministers of the United Kingdom, and that was the question which the British Government, acting, I think, as they were bound to act in the interests of this Empire as a whole, declared that they could not answer except by affirming that the whole power and resources of this Empire were pledged to defend the independence and integrity of Belgium as guaranteed by the treaties of 1831 and 1839. It is true that a promise

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was made that after the war was over the neutrality of Belgium would be absolutely respected, but the words of Mr. Asquith put the case with regard to that as cogently and forcibly as it could be put. He said:

What would have been the position of Great Britain to-day in the face of that spectacle if we had assented to this infamous proposal? Yes, and what are we to get in return for the betrayal of our friends and the dishonour of our obligations? What are we to get in return? A promise—nothing more; a promise as to what Germany would do in certain eventualities; a promise, be it observed—I am sorry to have to say it, but it must be put upon record—given by a power which was at that very moment announcing its intention to violate its own treaty and inviting us to do the same. I can only say, if we had dallied or temporized, we, as a government, should have covered ourselves with dishonour, and we should have betrayed the interests of this country, of which we are trustees.

And I am sure that every man in Canada will say Amen to Mr. Asquith's declaration.

I was glad indeed to listen to the words of my right hon. friend with regard to our attitude toward the German people. We have absolutely no quarrel with the German people. I believe that they are a peaceable people, that they are not naturally a warlike people, although unfortunately they are dominated at the present time by a military autocracy. No one can overestimate what civilization and the world owe to Germany. In literature, in science, art and philosophy, in almost every department of human knowledge and activity, they have stood in the very forefront of the world's advancement. Nearly half a million of the very best citizens of Canada are of German origin, and I am sure that no one would for one moment desire to utter any word or use any expression in debate which would wound the self-respect or hurt the feelings of any of our fellow citizens of German descent. So far as those who were born in Germany or Austria-Hungary are concerned, and who have made Canada their adopted home, I may explain that since the outbreak of war we have had to consider the disposition of those who under the laws of their country are bound to perform military service, and we have adopted this principle which I think will commend itself to the judgment and common sense of this House. We have no reason to believe that those people are inspired by the militaristic tendencies which influence the German Government at the present time or the Austrian Government for that matter. We have no reason to doubt, and we do not doubt, that these people will be

absolutely true to the country of their adoption. Therefore we have declared by Order in Council and by proclamation under the authority of His Royal Highness the Governor General that those people who were born in Germany or in Austria-Hungary and have come to Canada as adopted citizens of this country, whether they have become naturalized or not, are entitled to the protection of the law in Canada and shall receive it—that they shall not be molested or interfered with, unless any among them should desire to aid or abet the enemy or leave this country for the purpose of fighting against Great Britain and her allies. If any of them should be so minded we shall be obliged to follow the laws and usages of war in that regard with all the humanity that may be possible. But up to the present, we have seen no disposition among these people to do anything of the kind. They are pursuing their usual avocations and behaving themselves as good citizens of Canada. We honour and respect them for it, and have every confidence that they will pursue that course throughout this crisis, however long it may continue.

It is proper that I should state to the House some matters which have to do with the precautions which the Government was obliged to take on the outbreak of war. I need not say that in the United Kingdom among those most closely in touch with these matters, especially among the military and naval authorities in the United Kingdom, there has been for many years a conviction that some effective organization in the dominions of the Empire should be provided so that an emergency such as that which arose so suddenly would not find us altogether in confusion.

Documents were presented to the Government of Canada, and submitted to me for consideration, by the Under Secretary of State for External Affairs, Sir Joseph Pope, last December; and on the 6th day of January, 1914, after having gone carefully over the documents which were so submitted, I wrote to him the following letter, which I think it desirable to communicate to the House:

Prime Minister's, Office,
Canada
Ottawa, January 6, 1914.

Dear Sir Joseph Pope,

I have carefully considered the papers which you left with me a short time ago relating to a proposed conference of deputy heads for the purpose of concerting measures to be taken by the various departments of the Government primarily concerned, in the contingency of an

outbreak of war affecting His Majesty's dominions, and more particularly of considering the preparation of a War Book which shall set forth in detail the action to be taken by every responsible official at the seat of Government in the event of such an emergency.

The suggestion meets with my approval, and as the first notification of the outbreak of hostilities would emanate from your department, I authorize you, as Under Secretary of State for External Affairs, to call such a conference of deputy heads, to consist in the first instance of (1) yourself as chairman; (2) the Governor General's Secretary; (3) the Deputy Minister of Militia and Defence; (4) the Deputy Minister of Justice; (5) the Deputy Minister of Naval Affairs; (6) the Commissioner of Customs; (7) the Deputy Minister of Marine and Fisheries; (8) the Deputy Postmaster General; (9) the Deputy Minister of Railways and Canals; with Major Gordon Hall, Director of Military operations (representing the Department of Militia and Defence), and Mr. R. M. Stephens, Director of Gunnery (representing the Department of the Naval Service), as joint secretaries.

You will keep me informed from time to time of the progress and results of your deliberations.

Yours faithfully,
(Sgd) R. L. Borden.

Sir Joseph Pope,
Under Secretary of State for External Affairs,
Ottawa.

The work went on during the winter months, and, if the House will permit me to do so, I can describe what has been accomplished more conveniently by reading a memorandum which has been prepared by the chairman, and which is as follows:

Memorandum relating to a conference of deputy heads of certain departments of the public service, which met in Ottawa in the early part of 1914 to concert measures for the drawing up of a general Defence Scheme or War Book, embodying a record of the action to be taken in time of emergency by every responsible official at the seat of Government.

In 1913 the Secretary of State for the Colonies communicated to this Government certain memoranda of the Oversea Defence Committee outlining the action to be taken by the naval and military authorities when relations with any foreign power become strained, and on the outbreak of war. The suggestion was conveyed that the governments of the various self-governing dominions might advantageously prepare a similar record in each case to meet such contingencies. By the direction of the Government these recommendations were considered by the local Interdepartmental Committee (which is composed of the expert officers of the Naval and Militia Departments sitting together). The committee reported that a conference of those deputy ministers whose departments would primarily be affected by an outbreak of war, should be held to consider how best to give effect to the proposals of the Oversea Committee.

This suggestion was submitted to the Prime Minister and received the approval of the Government. Thereupon, a meeting of the under-mentioned deputy heads, together with the Governor General's Military Secretary, was held under the chairmanship of Sir Joseph Pope,

Under Secretary of State for External Affairs, on the 12th January, 1914:

The Deputy Minister of Militia and Defence,
 The Deputy Minister of the Naval Service,
 The Deputy Minister of Justice,
 The Deputy Minister of Customs,
 The Deputy Postmaster General,
 The Deputy Minister of Railways and Canals,
 The Deputy Minister of Marine and Fisheries,
 with Major Gordon Hall, director of military operations (representing the Department of Militia and Defence), and Lieutenant R. M. Stephens, director of gunnery (representing the Department of the Naval Service), as joint secretaries.

At this meeting it was decided that the secretaries should acquaint each member of the conference of the various contingencies which might arise in the event of which the co-operation of his department would be required; thus enabling him to decide what steps would be necessary to give effect to the decisions of the conference, and to detail an officer of his department to confer with the secretaries in the actual compilation of the War Book.

Meetings of sub-committees were subsequently held from time to time, at which the necessary action to be taken by the various departments in the event of certain contingencies arising was carefully considered and determined. Each department then proceeded to develop its own line of action in detail, the whole being subsequently co-ordinated and incorporated in one scheme, indicating the course to be followed by the Government as a whole on an emergency arising. This scheme was then submitted to and approved by the Prime Minister.

The taking of these precautionary measures proved most fortunate, as on the receipt of intelligence during the last few weeks of the serious situation in Europe, this Government found itself in a position to take, without the slightest delay, such action as the exigencies of the moment demanded, concurrently with His Majesty's Government and with the sister dominions of the Empire.

17th August, 1914.

I cannot overestimate the great advantage to the country which resulted from having these matters considered, determined and arranged in advance in conjunction with the Imperial Government. The arrangements which were instantly necessary, and to which I shall allude more in detail in a moment, were made without the slightest confusion. All communications from the Imperial authorities were acted upon promptly and with, as I say, an entire absence of confusion. Every detail had been previously worked out with precision, and I am informed by the chairman of the conference that especially are the thanks of the people of this country due to Major Gordon Hall and Mr. Stephens, upon whom a very large part of the work in making these arrangements necessarily devolved.

In connection with the outbreak of hostilities, the Government has been obliged to take some extraordinary steps, and certain of these steps will require ratification by

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Parliament. We realized, and I hope every member of this House and all the people of this country will realize, that there was a tremendous responsibility upon us, and I can assure all the members of the House that in so far as we took any action which might require the ratification and approval of Parliament we took it only because we believed that in the exercise of our duty we were bound to do so before Parliament could possibly assemble. On the very day before the war broke out we purchased two submarines, having first consulted with the Admiralty. Crews have been procured for both, and I believe the officer in command on the Pacific coast at the present time is an expert in such matters, and that the crews are already competent to make these submarines useful for the defence of our coasts and of our shipping if occasion should require. The *Rainbow*, already in commission, was furnished with the necessary ammunition and stores, and her crew was supplemented by a number of naval volunteers. I think that great praise is due to those in command of her for the courageous act which they undertook in going south in face of two modern German cruisers to assist in bringing back the small boats *Algerine* and *Shearwater* which were then in the south. The *Niobe* has also been put in commission as she possesses some fighting strength, and she will be manned in part by the crews of the *Shearwater* and the *Algerine* and in part by British naval reservists. All of these boats have been placed under the direction of the Admiralty by virtue of the authority contained in that behalf in the Naval Service Act, 1910.

The correspondence which has passed between the Government of Canada and the Government of the United Kingdom, and also the correspondence which has taken place between Mr. Perley and myself, as well as the Orders in Council, have been laid on the table. I may say that, on returning to Ottawa on the morning of August 1, I consulted with such of my colleagues as were in Ottawa at that time, and I sent two telegrams both of which have since been made public, one yesterday and one on a previous occasion. The first telegram I sent on August 1 is as follows:

Aug. 1, 1914.

Secret. In view of the impending danger of war involving the empire my advisers are anxiously considering the most effective means of rendering every possible aid and they will welcome any suggestions and advice which Imperial naval and military authorities may deem it expedient to offer. They are confident that a considerable force would be available for service abroad. A question has been

mooted respecting the status of any Canadian force serving abroad, as under section sixty-nine of Canadian Militia Act the active militia can only be placed on active service beyond Canada for the defence thereof. It has been suggested that regiments might enlist as Imperial troops for stated period, Canadian Government undertaking to make all necessary financial provision for their equipment, pay and maintenance. This proposal has not yet been maturely considered here and my advisers would be glad to have views of Imperial Government thereon.

The answer which we received and which was not made public at the time, as war had not yet broken out, was on the 3rd of August, and it is as follows:

With reference to your cypher telegram 2nd Aug., please inform your ministers that their patriotic readiness to render every aid is deeply appreciated by His Majesty's Government, but they would prefer postponing detailed observations on the suggestion put forward, pending further developments. As soon as situation appears to call for further measures I will telegraph you again.

That telegram is significant because it shows that then, on the 3rd of August, the Imperial Government not only were using every endeavour to preserve peace, but had hopes that peace might be preserved. Therefore they made their answer to us in the guarded language which I have just quoted.

Mr. W. F. MACLEAN: Is that signed by the Secretary of State for the Colonies?

Sir ROBERT BORDEN: That is signed by the Secretary of State for the Colonies, Mr. Harcourt. All these communications go from His Royal Highness to the Secretary of State for the Colonies, and the replies are received in the same way.

On the 4th day of August they sent us the following further telegram with regard to the same matter:

Though there seems to be no immediate necessity for any request on our part for an expeditionary force from Canada, I think, in view of their generous offer, your ministers would be wise to take all legislative and other steps by which they would be enabled without delay to provide such a force in case it should be required later.

On the 6th day of August they sent us the following despatch:

With reference to my telegram of August 4, His Majesty's Government gratefully accept offer of your ministers to send expeditionary force to this country, and would be glad if it could be despatched as soon as possible. Suggested composition follows.

The suggested composition which followed later was, as stated by my right hon. friend the leader of the Opposition, to whom I have communicated several of these des-

patches in the meantime, that we should send forward a division, comprising about 22,500 men.

On the 1st day of August I also sent through His Royal Highness the Governor General, the following telegram:

My advisers, while expressing their most earnest hope that peaceful solution of existing international difficulties may be achieved and their strong desire to co-operate in every possible way for that purpose, wish me to convey to His Majesty's Government the firm assurance that, if unhappily war should ensue, the Canadian people will be united in a common resolve to put forth every effort and to make every sacrifice necessary to ensure the integrity and maintain the honour of our Empire.

To which on the 2nd day of August the following reply was received:

With reference to your telegram 1st August, His Majesty's Government gratefully welcome the assurance of your Government that in the present crisis they may rely on whole-hearted co-operation of the people of Canada.

I spoke in that regard of the united spirit and action of the people of Canada, and subsequent events have shown that I was not in any wise mistaken in placing that estimate upon the sentiment of the Canadian people. The men of Canada who are going to the front are going as free men by voluntary enlistment—as free men in a free country. They are coming forward voluntarily for the purpose of serving this Dominion and this Empire in a time of peril. Already I am informed by the Minister of Militia that thousands more than will be required have volunteered to go. I desire to express my absolute concurrence in the view put forward by the hon. member for South Oxford (Mr. Sutherland) in his eloquent address, namely, that it is the duty of the people of Canada, and of the Government of Canada too, so far as may be necessary, to make all suitable provision for the families and children of those who are going to the front. We are giving to our country and our Empire at this time of our best, and we are proud to do it; but we must not forget our duty to those who are left behind. Neither the people of Canada nor the Government of Canada will ever for one moment forget that duty.

There has also been made public a telegram which we despatched to the mother country with regard to a provision which we thought might be very welcome, not only for the material assistance which it would afford, but as a reminder to the mother country that the people of the Dominions were with them in every sense, and that this

great Dominion of ours has been justly called the granary of the Empire. Therefore we sent on the 6th day of August through His Royal Highness the Governor General this telegram:

My advisers request me to inform you that the people of Canada through their Government desire to offer one million bags of flour of ninety-eight pounds each as a gift to the people of United Kingdom to be placed at the disposal of His Majesty's Government and to be used for such purposes as they may deem expedient.

It was thought desirable that this should go as a gift from people to people, but that it should be placed at the disposal of the Imperial Government to be used for such purposes as they might determine. We received in reply to that the following telegram under date of August 7, expressing the greatest possible appreciation:

On behalf of the people of the United Kingdom His Majesty's Government accept with deep gratitude the splendid and welcome gift of flour from Canada, which will be of the greatest use for the steadying of prices and relief of distress in this country. We can never forget the generosity and promptitude of this gift and the patriotism from which it springs.

I desire to express appreciation at this moment of the action of the provinces of Canada and of individuals in Canada during the past week or ten days. From provinces and from individuals gifts have come, great and small, showing the intense eagerness of the people and of every province in Canada to associate themselves in this great issue with what we are doing in the Dominion as a whole and with all that is being done in every dominion of the Empire. The people as a whole, not only here in Canada, but in the mother country itself and in every Dominion will, I am sure, feel the most grateful appreciation and render the warmest thanks for all the aid thus tendered.

I have spoken already of our action with regard to reservists. I have said that we have proclaimed to them that as citizens of Canada they are entitled to the protection of our laws and that they are not to be molested, unless they attempt to leave this country to fight against us, or to give aid to the enemy or otherwise violate obligations undertaken as citizens of Canada.

I might allude to the fact that we found it necessary to establish censorship. That was regarded as absolutely essential at the outset; and we took upon ourselves to order censorship, trusting that Parliament, in so far as might be necessary, would approve our action afterwards. We had also to take

measures with regard to the detention of ships. All such matters had been arranged by the inter-departmental committee. We had also to provide for the prohibition of the export of certain articles. That prohibition in regard to certain articles has since been relaxed in one or two particulars, after consultation with the Imperial authorities; and, in so far as the prohibition may not be found necessary for the purposes of war it perhaps may be further relaxed from time to time.

From every part of Canada we have had most unmistakable evidence of the determination of the people of this Dominion to support the mother country and the other dominions which are bound together by the strongest possible ties, the ties of absolute British liberty and of perfect self-government. Those ties bind together the provinces of Canada in this Dominion. Those ties bind together the dominions of the Empire with the mother country; and we rejoice to know that, in a time of stress and perhaps of peril such as this, they have proved the strongest possible ties that could be devised by any government throughout the world.

It might not be out of place to say a word with regard to the navy, which has been alluded to very eloquently by my right hon. friend and by the mover and seconder of the Address.

It is barely two weeks since war broke out. Already nearly every pathway across the ocean has been cleared. Our foreign commerce has been but little interfered with, very little indeed. The splendid organization of the British navy has enabled this to be accomplished. Those who are familiar with the religious service used at sea will remember that prayer goes up from the men of the navy, in peace as in war, that they may be a safeguard to their Sovereign and his dominions and a security for such as pass upon the seas upon their lawful occupations. The quaint words of that old prayer express as perfectly as may be that which is most essential for the security and integrity of this Empire, a safe pathway across the seas. Surely that prayer has been fulfilled even in this appalling war, for already the silent victory on the sea has been won. The Atlantic now is, and we have every reason to believe that the Pacific shortly will be practically as safe and secure for those under the protection of the flag as in times of peace.

In connection with the gift to which I alluded a moment ago, the gift to the British

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people, of a million bags of flour, may I add that during the past week we have been in correspondence with Mr. Perley with a view to offering to the Government of France, if they should desire to accept it, a hospital of fifty beds which we will be prepared to acquire, equip and maintain. The proposal has been put forward through Mr. Perley, as High Commissioner, who had been instructed to ascertain the wishes of the French Government with regard thereto. I believe a similar proposition has been made by the British Government to the French Government. But, in the appalling stress and pressure of affairs which confront the Government of France at present the British Government have not been able to obtain an answer to their own request, and so we have not been able to obtain an answer to ours. But I thought it desirable that I should here publicly state that the Government of Canada, with the approval of Parliament, which I am sure will not be withheld, are prepared to establish, equip and maintain, in Paris or elsewhere, a hospital, making provision for fifty beds for the comfort of those who may be wounded in the war.

The leader of the Opposition has alluded to the uncertainty of human events, and particularly events such as are before us in the great war which now confronts the Empire. True, the future is shrouded in uncertainty, but I believe that the people of Canada look forth upon it with steadfast eyes. But, let me say that while we are now upborne by the exaltation and enthusiasm which come in the first days of a national crisis, so great that it moves the hearts of all men, we must not forget that days may come when our patience, our endurance and our fortitude will be tried to the utmost. In those days let us see to it that no heart grow faint and that no courage be found wanting. I was very much touched by the words of a despatch which came in only an hour ago—these despatches are sent to us from hour to hour. It shows a spirit which later we may need to emulate when perhaps tidings shall come to us that those of our best and our dearest who have gone to the front have fallen in battle. I will read the words of the despatch, which are very simple and direct:

Paris, August 19, 11.10 a.m.—A woman with four sons in the French army to-day walked slowly down the steps of one of the municipal offices where relatives are officially informed whether soldiers are dead, wounded or unreported. She was exceedingly white, but

her emotion was greater than could be expressed in tears. A friend came up quickly and said: 'Have you good news? I am so glad my Jean is safe.' 'Yes, they are all safe,' was the reply; 'they are safe in the arms of the Father; I am proud to give all to the cause.'

It is not fitting that I should prolong this debate. In the awful dawn of the greatest war the world has ever known, in the hour when peril confronts us such as this Empire has not faced for a hundred years, every vain or unnecessary word seems a discord. As to our duty, all are agreed: we stand shoulder to shoulder with Britain and the other British dominions in this quarrel. And that duty we shall not fail to fulfil as the honour of Canada demands. Not for love of battle, not for lust of conquest, not for greed of possessions, but for the cause of honour, to maintain solemn pledges, to uphold principles of liberty, to withstand forces that would convert the world into an armed camp; yea, in the very name of the peace that we sought at any cost save that of dishonour, we have entered into this war; and, while gravely conscious of the tremendous issues involved and of all the sacrifices that they may entail, we do not shrink from them, but with firm hearts we abide the event.

Motion agreed to.

Sir ROBERT BORDEN moved:

That the said address be engrossed and be presented to His Royal Highness the Governor General by such members of this House as are of the Honourable the Privy Council.

Motion agreed to.

WAYS AND MEANS.

On motion of Hon. W. T. White (Minister of Finance), it was ordered that the House on Thursday next go into Committee to consider the Ways and Means to raise the Supply to be granted to His Majesty.

SUPPLY.

On motion of Hon. W. T. White (Minister of Finance) it was ordered that the House on Thursday next go into Committee to consider of the Supply to be granted to His Majesty.

WAR MEASURES BILL.

Sir ROBERT BORDEN: Might I ask my hon. friend (Sir Wilfrid Laurier) if it will be convenient and agreeable to him to take up now the resolution which stands in the name of Mr. Doherty for the purpose of

enabling him to have the Bill read the first time?

Sir WILFRID LAURIER: Hear, hear.

Hon. C. J. DOHERTY (Minister of Justice) moved that the House go into Committee to consider the following proposed resolution:

1. Resolved, that it is expedient to enact legislation to ratify and confirm measures consequent upon the present state of war.

2. That the issue of a proclamation by His Majesty, or under authority of the Governor in Council, shall be conclusive evidence that war exists and has existed for any stated period, and that war has continuously existed since the 4th day of August, 1914, and shall be deemed to exist until the Governor in Council by proclamation, declares that it no longer exists.

3. That the Governor in Council may authorize such acts and things and make such orders and regulations as he may by reason of the existence of real or apprehended war, invasion or insurrection, deem necessary or advisable for the security, defence, peace, order and welfare of Canada; including,—

(a) Censorship and the control and suppression of publications, writings, maps, plans, photographs, communications and means of communication;

(b) Arrest, detention, exclusion and deportation;

(c) Control of the harbours, ports and territorial waters of Canada and the movements of vessels;

(d) Transportation by land, air, or water and the control of the transport of persons and things;

(e) Trading, exportation, importation and manufacture;

(f) Appropriation, control, forfeiture and disposition of property and of the use thereof.

4. That compensation shall be made for property permanently appropriated under any enacted legislation, order or regulation; that ships or vessels used or moved, or goods, wares or merchandise dealt with contrary to order or regulation, may be seized and shall be liable to forfeiture; that penalties may be imposed for violations of such legislation; that no person held for deportation or under arrest or detention as an alien enemy or upon suspicion, or to prevent his departure from Canada, shall be released upon bail or otherwise discharged or tried without the consent of the Minister of Justice, and that every order and warrant made or issued by any minister under such legislation, or Order in Council, or regulation thereunder, shall be conclusive evidence of all statements and matters therein made or contained, and no court or judge shall inquire into or make any order in respect thereto.

5. That the Immigration Act be amended to provide that no resident of Canada who leaves Canada to perform any military or other service for any country then at war with His Majesty, or for the purpose of aiding or abetting in any way His Majesty's enemies, shall be permitted to land in Canada, or remain therein, except with the permission of the minister.

6. That, notwithstanding the provisions of section 8 of the Royal Northwest Mounted Police Act, Revised Statutes 1906, chapter 91, the Governor in Council may from time to time authorize the appointment of such number of constables, supernumerary constables, scouts and boys, in addition to the numbers limited by the said section, as he thinks necessary.

He said: At the outbreak of this unfortunate war, as was, indeed, to be expected, we found ourselves in a position where our laws, made for the general welfare in times of peace, were not absolutely adequate to give clear legal authority for many measures of the very first necessity to be taken in view of the existing conditions. Some steps had to be taken before this House could be gathered together which were beyond any express legal authorization. In this resolution and the Bill that is proposed to be based upon it, you will find that it is provided that such steps so taken shall be ratified. The steps that are proposed to be ratified are such as, if the proposed legislation had been in force, would have been authorized by it.

The House will observe that the Bill to be based upon the resolution proceeds not by direct enactment of specific provisions of law to meet particular cases, but, by granting a wide power to the Governor in Council, by Orders in Council or by regulation, to make such provision as he may deem necessary or advisable to meet those conditions that have arisen or may arise by reason of the state of war which now prevails. It is true that with regard to certain matters, it might perhaps have been possible to realize just what present conditions require and to enact direct legislation with regard to them, or to provide in a specific manner for authority to the Governor in Council to deal with them in a particular way. But, after giving the matter the fullest consideration, and listening to and carefully thinking over the numerous suggestions that came to the Government from many quarters, it appeared to us that the wiser course was to ask this House to give to the Government of the day the power to exercise its own judgment as regards the requirements that the various conditions which we have to apprehend may call upon us to meet. We have therefore determined to ask this House to empower the Governor in Council to take such steps and proceedings and adopt such orders and regulations as he may deem necessary for the defence and security, peace, order and welfare of this

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country during the troubled times through which we are called upon to pass.

We have endeavoured to enumerate, not as restricting in any way the general power, but for the purpose of giving, so far as it is possible, the people of Canada an idea of the subjects with which we think it may be necessary to deal, a certain number of classes of subjects to which that power is to extend. With regard to some of those subjects, we have already found it necessary to take action, as the House has been made aware by the statement of the right hon. the Prime Minister.

The resolution also provides for an amendment to the Immigration Act, with a view of adding to the prohibited classes under that Act the class of persons resident in Canada who leave this country for the purpose of giving aid to the enemy, and who may afterwards seek to return. That provision is that such persons shall not be entitled to return to Canada, without, at all events, special permission being granted.

There is also a provision looking to an extension of the number of the members of the Royal Northwest Mounted Police. There are incidental provisions also with regard to the carrying out of the orders and regulations which the House is asked to authorize the Governor in Council to pass. We are not unaware that in proposing a measure of this kind we are asking the representatives of the people of Canada for an expression of very wide confidence in us. I think it might, perhaps, be more correct to say that we are asking the people of Canada to entrust us with a very wide power. The justification for their doing so is not to be found in any confidence they may entertain in ourselves individually; nor do we, in asking the House for this wide power, rely upon any confidence that they may entertain in us personally. I am satisfied that no question of personal qualifications can arise in this connection; the justification for our demand is to be found in the necessities of our common country. We are quite aware that in asking for this wide measure of power we are asking you to lay upon our shoulders a very heavy burden of responsibility, and if we were looking to our personal advantage or personal comfort in the matter, we might perhaps be tempted to shirk that responsibility. But, under the conditions of to-day, it is for every man to do that which lies within his power, on behalf of our country, whose fate, in common with the fate of the entire Empire, is hanging in the balance. Fortune has willed it that we should be in

the position where the assumption of this heavy burden becomes the manifest duty that we are called upon to perform. In submitting this measure we express our readiness to take upon our shoulders that heavy burden; and we venture to believe that in presenting it to a House that is itself, as are the people whom it represents, divided on no party lines to-day, we may count on it that they will see that as it is our duty to take this burden it is their duty to lay it upon our shoulders.

After the most eloquent and patriotic address of the right hon leader of the Opposition, I feel that I may say that we can with perfect confidence submit this measure to the consideration and for the action of this House. I may add that of course we shall be glad of any suggestions which may be given tending to improve it in form or in substance. We are not wedded to the precise terms of any particular provision of this measure, and all we seek in laying it before the House is to have the sanction of this House to our doing the best that is in us under these trying circumstances for our common country.

The whole principle of the measure to be based on the resolution is that the necessities of the conditions in which we find ourselves are such that it is necessary for the people of Canada to place their confidence in us for the time being, and when we come forward and ask them to do so, we assure them that we realize how heavy is the burden of responsibility that it carries with it; and further give them the assurance that, while the powers to be conferred on us are large, in their exercise we shall endeavour to bear in mind the desirability of departing as little as it may be possible, in view of the interests and the necessities of the country to-day, from the rule of the ordinary laws under which our country is governed under normal conditions.

Hon. WILLIAM PUGSLEY: Animated as we all are by a desire to facilitate in every way the despatch of measures which the Government deem necessary on this occasion, I trust that my hon. friend will not think I am unduly delaying the proceedings if I venture to make some remarks with regard to a portion of the resolution now under consideration. The Minister of Justice very properly invited criticism or suggestions in respect to the matter, and I am sure he will pardon me if I call attention

to a provision in this resolution which I think requires very careful consideration and very strong reasons to be given for its adoption. That is section 4. Section 4 really suspends the Habeas Corpus Act. It does not say that in words, but that is its effect. It takes away, with regard to persons who may come under its provisions, the right of every man to appeal to the courts, and to have those who are depriving him of his liberty compelled to show before a court or a judge the reason why he is being deprived of his liberty and is being kept in prison. That is a pretty serious enactment to make, because there is no measure which English people regard with greater appreciation and of which they are more jealous and have been for centuries than the Habeas Corpus Act; and I think that, before that Act is suspended and the liberty of the subject is left entirely in the hands of the minister for the time being, very strong reasons ought to be shown for it. The section reads as follows:

That compensation shall be made for property permanently appropriated under any enacted legislation, order or regulation; that ships or vessels used or moved, or goods, wares or merchandise dealt with contrary to order or regulation, may be seized and shall be liable to forfeiture; that penalties may be imposed for violations of such legislation; that no person held for deportation or under arrest or detention as an alien enemy or upon suspicion, or to prevent his departure from Canada, shall be released upon bail or otherwise discharged or tried without the consent of the Minister of Justice, and that every order and warrant made or issued by any minister under such legislation, or Order in Council, or regulation thereunder, shall be conclusive evidence—

Not prima facie evidence, but conclusive evidence.

—of all statements and matters therein made or contained, and no court or judge shall inquire into or make any order in respect thereto.

That resolution strikes at the dearest liberties of a British subject. It may be that the occasion has arisen which demands such extraordinary legislation. I think it will be incumbent upon my hon. friend to show the committee that such occasion has arisen, and that in the interests of Canada and of the Empire this extraordinary enactment should be made. I desire only at present to call the attention of the Minister of Justice to the matter, and no doubt my hon. friend will give some attention to this clause before it comes before the committee for consideration.

[Mr. Pugsley.]

Mr. DOHERTY: It is proposed that, after the Bill has had its second reading, it shall be referred to a special committee for careful consideration of each one of its dispositions. An opportunity will in that way be afforded, before it comes to the final judgment of the House, very fully to consider the effect of its dispositions and the reasons that lie behind them. I realize fully the gravity of the disposition which my hon. friend has read, and I may say that it is only after giving it very serious consideration that we have put it forward. But still we shall be glad to have the benefit of its further consideration by a special committee.

Motion agreed to, resolution considered in committee, reported, and concurred in.

Mr. DOHERTY thereupon moved for leave to introduce Bill No. 2, to confer certain powers upon the Governor in Council and to amend the Immigration Act.

Motion agreed to, and Bill read the first time.

On motion of Sir Robert Borden, the House adjourned at 5.45 p.m.

Thursday, August 20, 1914.

The House met at Three o'clock, the Speaker in the Chair.

THE EUROPEAN WAR.

THE GOVERNOR GENERAL'S TERM OF OFFICE EXTENDED.

Sir ROBERT BORDEN (Prime Minister): Mr. Speaker, I desire to make the following announcement to the House:

In view of the urgent conditions confronting Canada, in common with the rest of the Empire, by reason of the outbreak of war, the Government consider it highly important that His Royal Highness Field Marshall the Duke of Connaught should continue to give to Canada the benefit of his services as Governor General. His knowledge of conditions in Canada and his wide experience in public and military affairs render his services especially valuable at this juncture. It has accordingly been arranged, at the request of the Canadian Government, with the full approval of His Majesty the King and the Imperial Government, that His Royal Highness's term of office shall be indefinitely extended during the continuance of the war. His Royal

Highness had made all arrangements to leave Canada at the conclusion of his extended term of office on the 22nd October, but, with the high sense of duty which has always actuated him, he has placed himself at the disposal of His Majesty for this purpose.

Mr. GRAHAM: The people of Canada will hear this announcement with great gratification and satisfaction. The ripe military experience coupled with the dual knowledge of His Royal Highness the Governor General of conditions in the old land and in our own will make his presence in this part of His Majesty's dominions during the trying period through which we are now passing most gratifying and reassuring to the people.

HOUSE OF COMMONS.

APPOINTMENT TO LAW BRANCH.

Sir ROBERT BORDEN moved:

That the recommendation of His Honour the Speaker of the House as to the appointment of Mr. John T. Dunn to fill a vacancy in subdivision B of the second division in the Law Branch of the House of Commons, and the appointment as made by the Governor in Council during the recess of Parliament, be ratified and confirmed.

He said: The appointment is made under the Civil Service Act, all the requirements of the Act having been complied with.

Motion agreed to.

CANADIANS IN EUROPE.

On the Orders of the Day being called:

Mr. GRAHAM: What steps have the Government taken for the relief of Canadians who are stranded in Great Britain or on the continent of Europe through being unable to get passage home at the present time?

Sir ROBERT BORDEN: I think that the correspondence brought down contains some information with regard to that. A great many inquiries and applications have come to the Government for the purpose of obtaining information as to Canadians who are somewhere on the continent of Europe and as to whose whereabouts and condition information cannot be obtained by their friends and relatives. We have endeavoured to systematize the dealing with these applications. They have been placed in charge of Sir Joseph Pope, Under Secretary of State for External Affairs. Wherever it has seemed necessary or desirable, he has communicated by cable with Mr. Perley in

regard to a number of cases or in regard to individual cases as occasion might demand. In addition to that, we have informed Mr. Perley that the Government would be prepared to place £20,000 at his disposal in order to relieve such persons, under such conditions as to repayment or otherwise as he may determine, believing that he, being upon the spot, will be better able to judge as to these matters than we can possibly be at this distance.

WAR CONTRIBUTIONS OF PROVINCES.

Mr. LEMIEUX: May I ask the right hon. the Prime Minister if he can inform the House of the various contributions which have been made by the different provincial governments, and the nature of those contributions, to the Imperial authorities?

Sir ROBERT BORDEN: I think there is one which is about being made, or perhaps will be made in the early future, as to which I have not exact information. I heard something of it to-day, but I am not prepared to make a definite statement. If my hon. friend will permit the matter to remain until to-morrow, I shall endeavour then to give all the information in the possession of the Government.

THE EUROPEAN WAR.

THE BUDGET—TARIFF CHANGES.

Hon. W. T. WHITE (Minister of Finance) moved that the House go into Committee of Ways and Means. He said:

I shall preface the introduction of the fiscal measures which I have to propose to the House by a brief statement of the financial position of the Dominion, and of the new situation, as it presents itself to me, with which we are confronted as a result of the outbreak of war.

Owing to widespread financial and economic conditions, to which I referred at length in my Budget speech of April, our revenues since September last have shown a marked decline. During the first four months of the present fiscal year, April, May, June and July, we have experienced a reduction, as compared with the same four months of the previous fiscal year, of over ten million dollars.

In consequence of a general increase in commercial activity, due to easier money conditions, a marked improvement became perceptible about the end of July. The extent of this improvement is reflected in the returns of the first ten days of August,

the loss of revenue being \$500,000, or at the rate of say \$1,500,000 for the month, as compared with an average decline of \$2,700,000 for each of the four preceding months.

As the decline in revenue for the last fiscal year had begun in October, we had calculated that during the remainder of the calendar year we would gradually overtake the revenues of the corresponding months of the previous year and could look forward to gains in January, February and March, which would have recouped in some measure our earlier losses.

This outlook has been wholly changed by the war. Its startlingly sudden outbreak between Austria-Hungary and Servia and the appalling rapidity of its extension to Russia, Germany, France, Belgium and Great Britain threw the civilized world into a panic such as was never known before. The shock to international finance was immense. In the general loss of confidence there arose an instantaneous and universal demand for gold. Huge volumes of securities were thrown upon the market and sold for what they would realize. Liquidation proceeded upon a colossal scale until the prodigious losses of individuals and the vast drainage of gold from all great financial centres compelled the closing of the bourses and exchanges of the world. The demand for gold still continuing in the financial world, and general hoarding having begun on the part of the general public, a widespread suspension of specie payment inevitably resulted. In consequence of such suspension, accompanied in Great Britain and elsewhere in Europe by moratory proclamations whereby the payment of maturing obligations was postponed, and by reason of the fact that gold could no longer be shipped across the Atlantic owing to the menace of hostile cruisers, the exchange system of the world at once experienced collapse. In the meantime international trade was prostrated by the blow which severed at once all intercourse between belligerents and caused immediate cessation of commerce between Europe and America.

All these cataclysmic events have been compressed within the period of two or three weeks; and yet such is the flexibility of the financial organization of the world that already order is emerging out of what seemed hopeless chaos, and the vast and complicated machinery of commerce and finance is with hourly-increasing efficiency resuming its normal functions.

For the purposes of this presentation it remains for me to estimate so far as possible our expenditures for the year, indicate

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my view as to revenue and submit the measures proposed by the Government to meet the altered conditions with which we are confronted. I should not be frank if I did not at once say that I put forth my view as to both revenue and expenditure with the utmost diffidence, because it is not possible for any one to forecast with any measurable degree of certainty what lies ahead of us under either of these headings.

Before the outbreak of war we had calculated upon a revenue of \$145,000,000 and an expenditure of about \$175,000,000 of which \$135,000,000 would have been upon Consolidated Fund Account and \$40,000,000 upon Capital, Special, and Investment Accounts.

In June last we floated a loan of £5,000,000, the proceeds of which with our expected revenues would have carried us into next fall, when a further loan of any £3,000,000 would have sufficed for our requirements until the end of the fiscal year, including the retirement of £1,700,000 Treasury Bills maturing in November next.

Our present cash position is normal, our bank balances both in Canada and in London having been well maintained.

I proceed now to deal with the situation as changed by the war. As to revenues for the remainder of the year, it is with much hesitation that I venture upon an estimate. For some time past I have had the tariff experts of my department and of the Customs Department considering the question. That we shall experience a sharp decline in customs revenue due to decreased importations seems certain. The war itself shuts off automatically our trade with the enemy. The increased risk of ocean traffic must have a most serious effect upon our seaborne commerce. Above all, the temporary cessation of the stream of our borrowings in Great Britain will diminish our capital and other expenditures, and express itself in a marked diminution in our imports. On the other hand, we shall probably increase our imports from the United States, through whose ports goods from Europe will no doubt find their way. The enhanced prices of our grain, food and other products will give us greater buying power than we should have otherwise possessed from this source. After careful consideration of all these aspects of the question, we are of the view that our revenues from present sources for the year should reach from \$130,000,000 to \$135,000,000.

With regard to expenditures, it will be

the policy of the Government so far as possible to maintain the existing programme of public works under construction. New works will not, however, be undertaken until the financial situation clears; and in this connection we must ask the forbearance and co-operation of members of both sides of the House. On the one hand, we do not desire to shut down construction now under way, with the consequent resulting unemployment, and, on the other, we must have in mind existing financial conditions, and embark upon new expenditure only when we have in view the source of funds with which it may be defrayed. Under this policy I estimate that our revenue will just about suffice to meet our ordinary running expenditure; at least, I am hopeful that it will do so.

This leaves to be otherwise provided for capital, special and investment expenditure a sum totalling probably \$30,000,000, together with such special expenditure as we may make for the common defence of Canada and the Empire. We are asking Parliament for a vote of \$50,000,000. What portion of this may be expended during the remainder of the fiscal year is problematical, but we must assume at least the greater part. With the world at war and our national existence at stake, it is not the part of patriotism to spare either blood or treasure, and the Government may be depended upon to continue to uphold to the utmost of its power the arm of Britain in the fateful contest in which she is now engaged for the preservation of the Empire and the freedom of the world.

Assuming a capital and special war expenditure of, say, \$60,000,000, we must further provide \$8,500,000 for the retirement of Treasury Bills maturing in November, making a total of \$68,500,000, which must be met by the proceeds of borrowing or special taxation. We have already borrowed \$25,000,000 by the issue of June. This leaves a balance of \$43,500,000 which we must now devise ways and means to meet.

To partially meet the special war expenditure I have to propose certain increases in customs and excise duties upon articles and commodities to the taxation of which resort is usually had in the emergency of war.

The special war taxation which I have to propose to the House will affect the rates of duties of customs and of excise upon coffee, sugar, spirits and tobacco. On green coffee, which was free when imported direct from the country of growth and production

or purchased in bond in the United Kingdom, it is proposed to place a duty of 2½ cents per lb. under the British preferential tariff and 3 cents per lb. under the general tariff. The increased revenue on coffee for the year will be about \$500,000. As to sugar, we propose that upon the raw commercial article testing 75 degrees by the polariscope, the rate of duty shall be increased from 25 cents under the British preferential tariff to 88 cents per 100 lbs., and from 31½ cents under the general tariff to \$1.11½ per 100 lbs. No change is proposed in the rates respecting each additional degree over 75 degrees. In other words, an increase is proposed of 63 cents per 100 lbs. under the British preferential tariff and 80 cents per 100 lbs. under the general tariff. On raw sugar which tests 96 degrees an increase is made in the British preferential tariff from 40½ cents per 100 lbs. to \$1.03½ per 100 lbs. and an increase in the general tariff from 57½ cents per 100 lbs. to \$1.37½ per 100 lbs. On refined sugar testing 88 degrees by the polariscope the British preferential tariff rate will be increased from 72 cents to \$1.52 per 100 lbs., and under the general tariff from 93 cents to \$1.93 per 100 lbs. No change is made in the rates respecting each additional degree over 88 degrees. In other words an increase is proposed of 80 cents per 100 lbs. under the British preferential tariff and \$1.00 per 100 lbs. under the general tariff.

On refined sugar which tests 99 degrees we propose to increase the British preferential tariff from 83 cents per 100 lbs. to \$1.63 per 100 lbs., and the general tariff from \$1.07½ to \$2.07½ per 100 lbs. In other words, we propose to increase refined sugar four-fifths of a cent per lb. under the British preferential tariff rate and one cent per lb. under the general tariff rate. The revenue we shall derive from this special taxation on sugar will probably exceed \$5,000,000 per annum upon the basis of last year's importations of sugar.

On whisky, brandy, gin and other distilled spirits of like character, it is proposed to increase the duty from \$2.40 to \$3 per proof gallon. The increased revenue on spirits so imported will exceed \$2,500,000 per annum upon the basis of last year's consumption.

Certain other minor changes will be proposed, which it is unnecessary to advert to here, on account of the increase in coffee, sugar and spirits duties. In other words, there are certain changes, known as consequential changes, which it is necessary to

make in the duties on certain commodities by reason of the increased duties imposed on articles which are raw materials in their production.

On cigars and cigarettes we propose to increase the specific rate from \$3 per lb. to \$3.50 per lb., and on manufactured tobacco we propose an increase of 10 cents per lb. The increased revenue from this source will be over \$200,000 per annum.

I may explain that on account of schedule C of the French treaty no increase can be made in the rates of customs duties on wines and champagnes. The reason is that the customs rates under the French treaty are fixed and specific and not susceptible to increase during the continuation of the treaty.

So much for our proposal as regards customs. I now turn to the measures which we propose with reference to duties of excise. Our proposals in this respect are as follows: Upon spirits, from \$1.90 to \$2.40 per gallon; on malt liquor, from 10 cents to 15 cents per gallon; on malt, from 1½ cents to 3 cents per lb.; on cigars, from \$2 to \$3 per thousand; on cigarettes, from \$2.40 to \$3 per thousand; on manufactured tobacco, from 5 cents to 10 cents per lb. We anticipate an increased revenue from excise calculated upon the consumption of last year of about \$6,600,000 per annum.

In connection with the increases which I have proposed in customs and excise rates upon liquors and tobaccos, it has come to our knowledge that certain brewers, distillers and dealers, in expectation that a special war tax would be necessary upon these commodities, have during the past two weeks taken exceedingly large amounts out of bond. I have particulars of the abnormal increases in customs and excise revenue under my hand which I shall later lay before the committee. If we failed to deal with the situation thus created, our fiscal measure, so far as it relates to the commodities in question, would be defeated and we should be deprived in large part of the revenue which for the remainder of the year we have calculated upon from these sources. I have to propose, therefore, that part of the legislation relating to duties of customs and excise be deemed to come into effect on August 7, 1914.

These special war taxes, representing only a small fraction of our increase in military and naval expenditure, due to the critical situation which has arisen, will fall upon the entire community. In paying them each citizen will feel that the amount he pays is a direct contribution to the defence of Canada and the Empire.

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From these special war taxes I estimate we shall derive additional revenue of about \$7,000,000 during the remainder of the fiscal year. This leaves a sum of over \$36,000,000 to be provided by borrowing. We shall, as opportunity offers, issue further loans, but I must state to the House that the amount upon which we can rely from this source is conjectural and dependent upon the course of events.

In these circumstances I am taking authority, by legislation amending the Dominion Notes Act, to increase the amount of notes which may be issued against a 25 per cent margin of gold from thirty to fifty million dollars. This will give us an additional fifteen million dollars from money borrowed from our own people upon the Dominion's credit. We shall avail ourselves of this emergency measure to the extent that it may be found necessary to supplement our borrowings otherwise. I have already given notice of the legislation in that behalf.

As to the effect of the war upon industrial and commercial conditions in Canada, I do not regard it necessary that I should upon this occasion make any special pronouncement. Injury there will no doubt be to some of our enterprises, but such injury may be most marked at the beginning and not of long duration. In the circumstances, I feel that I can confidently appeal to all employers of labour to continue to carry on their operations to such extent as may be feasible to them in order that the distress of unemployment may be minimized as much as possible, and that the first brunt of the war may not fall too heavily upon the working community.

To many of our industries, notably to agriculture, there should be pronounced stimulation and quickening of activity. Trade between Canada and the motherland will undoubtedly receive an impetus, the importance of which to our future relations it would be difficult to overstate. If I have any general advice to offer it is that the people of Canada will, as I am sure they will, continue to maintain the calm, sane judgment for which they have always been noted. Above all, confidence is a supreme patriotic duty—confidence in one another, confidence in our country and its institutions, in the Empire, in the righteousness of our cause and, under Providence, in the certain ultimate triumph of our arms.

I beg, Mr. Speaker, to give notice that, when this House goes into Committee of Ways and Means, I shall move the following resolutions:

CUSTOMS DUTIES.

- [1. Resolved that it is expedient to amend Schedule A to the Customs Tariff, 1907, as amended by chapter 15 of the Acts of 1913, and by chapter 26 of the Acts of 1914, and to strike thereout tariff items: 21, 22, 23, 25, 26, 27, 28, 29, 43, 44, 45, 66, 103, 104, 105, 106, 107, 113, 134, 135, 135a, 141, 143, 144, 145, 146, 147, 150, 151, 152, 156, 159, 160, 161, 162, 163, 220, 248, the several enumerations of goods respectively, and the several rates of duties of Customs, if any, set opposite each of the said items, and to provide that the following items, enumerations and rates of duties be inserted in said schedule A:

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
21 Cocoa paste or 'liquor' and chocolate paste or 'liquor,' sweetened, in blocks or cakes not less than two pounds in weight.per pound.	4 cents.	4½ cents.	4½ cents.
22 Preparations of cocoa or chocolate in powder form.	22½ p.c.	27½ p.c.	27½ p.c.
23 Preparations of cocoa or chocolate, n.o.p. and confectionery coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty.per pound and.....	1 cent. 22½ p.c.	1 cent. 35 p.c.	1 cent. 35 p.c.
25 Chicory, kiln-dried, roasted or ground, per pound.	2 cents.	3 cents.	3 cents.
25a Coffee, extract of, n.o.p., and substitutes therefor of all kinds.per pound.	5 cents.	6 cents.	6 cents.
26 Coffee, roasted or ground, and all imitations thereof and substitutes therefor, including acorn nuts, n.o.p.per pound.	4 cents.	5 cents.	5 cents.
27 Coffee, roasted or ground, when not imported direct from the country of growth and productionper pound. and.....	4 cents. 7½ p.c.	5 cents. 10 p.c.	5 cents. 10 p.c.
28 Coffee, green, imported direct from the country of growth and production, and green coffee purchased in bond in the United Kingdom.per pound.	2½ cents	3 cents.	3 cents.
28a Tea imported direct from the country of growth and production, and tea purchased in bond in the United Kingdom.	Free.	Free.	Free.
29 Coffee, green, n.o.p.per pound. and.....	3 cents. 10 p.c.	3 cents. 10 p.c.	3 cents. 10 p.c.
29a Tea, n.o.p.	10 p.c.	10 p.c.	10 p.c.
43 Condensed milk, the weight of the package to be included in the weight for duty, per pound.	2½ cents.	3½ cents.	3½ cents.
44 Condensed coffee with milk.	25 p.c.	35 p.c.	35 p.c.
45 Milk foods, n.o.p.; prepared cereal foods, in packages not exceeding twenty-five pounds weight each.	20 p.c.	27½ p.c.	27½ p.c.
66 Biscuits, sweetened.	20 p.c.	30 p.c.	30 p.c.
103 Fruits preserved in brandy, or preserved in other spirits, and containing not more than forty per cent of proof spirit in the liquid contents thereof.	60 p.c.	60 p.c.	60 p.c.
104 Fruits preserved in brandy, or preserved in other spirits, and containing more than forty per cent of proof spirit in the liquid contents thereof.per gallon. and.....	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
105 Fruits in air-tight cans or other air-tight packages, n.o.p., the weight of the cans or other packages to be included in the weight for duty.per pound.	1½ cents.	2½ cents.	2½ cents.
106 Jellies, jams, preserves, and condensed mince meats.per pound.	25 cents.	35 cents.	35 cents.
107 Preserved ginger.	25 p.c.	35 p.c.	35 p.c.
113 Coconut, desiccated, sweetened or not, per pound.	2½ cents.	4½ cents.	4½ cents.

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
<p>134 All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, testing not more than eighty-eight degrees by the polariscope, per one hundred pounds.</p> <p>And for each additional degree over eighty-eight degrees. per one hundred pounds. Provided that fractions of five-tenths of a degree or less shall not be subject to duty, and that fractions of more than five-tenths shall be dutiable as a degree. Provided that refined sugar shall be entitled to entry under the British Preferential Tariff upon evidence satisfactory to the Minister of Customs that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.</p>	<p>\$1.52 1 cent.</p>	<p>\$1.93 1½ cents.</p>	<p>\$1.93 1½ cents.</p>
<p>135 Sugar, n.o.p., not above number sixteen Dutch standard in colour, sugar drainings or pumpings drained in transit, melado or concentrated melado, tank bottoms, sugar concrete, and molasses testing over fifty-six degrees and not more than seventy-five degrees by the polariscope per one hundred pounds. And for each additional degree over seventy-five degrees, per one hundred pounds.</p> <p>Provided that fractions of five-tenths of a degree or less shall not be subject to duty, and that fractions of more than five-tenths shall be dutiable as a degree. Provided that all raw sugar, including sugar specified in this item, the produce of any British colony or possession, shall be entitled to entry under the British Preferential Tariff, when imported direct into Canada from any British country.</p> <p>Provided that sugar imported under this item shall not be subject to special duty.</p>	<p>88 cents. ¾ cent.</p>	<p>\$1.11¼ 1¼ cents.</p>	<p>\$1.11¼ 1¼ cents.</p>
<p>135a Raw sugar as described in tariff item 135, when imported to be refined in Canada by Canadian sugar refiners, to the extent of the quantity of sugar refined during the calendar years 1912 and 1913, by such refiners from sugar produced in Canada from Canadian beet-root under regulations by the Minister of Customs, per one hundred pounds, testing not more than seventy-five degrees by the polariscope. And per one hundred pounds for each additional degree over seventy-five degrees.</p> <p>Provided that sugar imported under this item shall not be subject to special duty.</p> <p>This item to expire December 31, 1914.</p>	<p>88 cents. ¾ cent.</p>	<p>88 cents. ¾ cent.</p>	<p>88 cents. ¾ cent.</p>
<p>141 Sugar candy and confectionery, n.o.p., including sweetened gums, candied peel, candied pop-corn, candied fruits, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty per pound and.</p>	<p>½ cent. 22½ p.c.</p>	<p>½ cent. 35 p.c.</p>	<p>½ cent. 35 p.c.</p>

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Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
143 Cigars and cigarettes, the weight of cigars to include bands and ribbons, and the weight of cigarettes to include the paper covering... .per pound and.....	\$3.50 25 p.c.	\$3.50 25 p.c.	\$3.50 25 p.c.
144 Cut tobacco... .per pound.	65 cents.	65 cents.	65 cents.
145 Manufactured tobacco, n.o.p., and snuff per pound... .	60 cents.	60 cents.	60 cents.
146 Ale, beer, porter and stout, when imported in casks or otherwise than in bottle, per gallon... .	30 cents.	30 cents.	30 cents.
147 Ale, beer, porter and stout, when imported in bottles... .per gallon. Provided that six quart bottles or twelve pint bottles shall be held to contain one gallon.	42 cents.	42 cents	42 cents.
150 Lime juice and fruit juices, fortified with or containing not more than twenty-five per cent of proof spirits... .per gallon.	75 cents.	75 cents.	75 cents.
151 Lime juice and fruit juices, fortified with or containing more than twenty-five per cent of proof spirits... .per gallon. and.....	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
152 Lime juice, fruit syrups, and fruit juices, n.o.p... .	17½ p.c.	22½ p.c.	22½ p.c.
156 Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; rum, whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel-oil, or any substance known as potato spirit or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of proof spirit... .per gallon of the strength of proof Provided, as to all the goods specified in this item when of less strength than the strength of proof, that no reduction or allowance shall be made in the measurement thereof for duty purposes, below the strength of fifteen per cent under proof. Provided also, that when the goods specified in this item are of greater strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased in proportion for any greater strength than the strength of proof. Provided further, that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength), viz. :— Bottles, flasks and packages, containing not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen;	\$3.00	\$3.00	\$3.00

Tariff Items.	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen;			
Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallon per dozen, as one and one-half gallon per dozen;			
Bottles, flasks and packages, containing more than one and one-half gallon but not more than two gallons per dozen, as two gallons per dozen;			
Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen;			
Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen;			
Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen.			
Provided further, that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister of Customs.			
159 Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as anodynes, elixirs, essences, extracts, lotions, tinctures or medicines, or ethereal and spirituous fruit essences, n.o.p. per gallon and.....	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
160 Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, hair, tooth and skin washes, and other toilet preparations containing spirits of any kinds:—			
(a) When in bottles or flasks containing not more than four ounces each	60 p.c.	60 p.c.	60 p.c.
(b) When in bottles, flasks or other packages, containing more than four ounces each per gallon	\$3.00	\$3.00	\$3.00
and.....	40 p.c.	40 p.c.	40 p.c.
161 Nitrous ether, sweet spirits of nitre and aromatic spirits of ammonia..per gallon and.....	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
162 Medicinal or medicated wines, including vermouh and ginger wine, containing not more than forty per cent of proof spirits	60 p.c.	60 p.c.	60 p.c.
168 Malt flour containing less than fifty per cent in weight of malt; also extract of malt, fluid or not, including grain molasses—all articles in this item upon valuation without British or foreign excise duties, under regulations by the Minister of Customs per pound and.....	3 cents. 35 p.c	3 cents. 35 p.c.	3 cents. 35 p.c.
220 All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—			

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Tariff Items.	Preferential Tariff.	Intermediate Tariff.	General Tariff.
(a) When dry	20 p.c.	25 p.c.	25 p.c.
(b) All others	60 p.c.	60 p.c.	60 p.c.
Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or the United States pharmacopœia, or the French Codex as official, shall not be held to be covered by this item;			
Provided, also, that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at . . per gallon and	\$3.00	\$3.00	\$3.00
248 Paints and colours, ground in spirits, and all spirit varnishes and lacquers. .per gallon.	30 p.c.	30 p.c.	30 p.c.
	\$1.25	\$1.25	\$1.25

2. Resolved, that any enactment founded on the preceding resolution shall be deemed to have come into force on the twenty-first day of August, nineteen hundred and fourteen, and to have applied to all goods mentioned in the preceding resolution, except as hereinafter otherwise provided, imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day:

Provided, however, that the foregoing provisions respecting goods specified in tariff items 146, 147 and 156 shall be deemed to have come into force on the seventh day of August, nineteen hundred and fourteen, and to have applied to the goods mentioned in said tariff items 146, 147 and 156 imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day.

EXCISE DUTIES.

1. Resolved, that it is expedient to amend the Inland Revenue Act, as amended by chapter 34 of the Acts of 1908, by repealing sections 154, 201, 222 and 279 thereof, and substituting therefor the following:—

154. There shall be imposed, levied and collected on all spirits distilled, the following duties of excise, which shall be paid to the collector, as herein provided, that is to say:

(a) When the material used in the manufacture thereof consists of not less than ninety per centum, by weight, of raw or unmalted grain, or when manufactured from sugar, syrup, molasses or other saccharine matter not otherwise provided for, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty cents, and so in proportion for any greater or less strength than the strength of proof, and for any less quantity than a gallon;

(b) When manufactured exclusively from malted barley, taken to the distillery in bond and on which no duty of customs or excise has been paid, or when manufactured from raw or unmalted grain, used in combination, in such proportions as the department prescribes, with malted barley taken to the distillery in bond and on which no duty of customs or of excise has been paid, on every gallon of the strength

of proof by Sykes' hydrometer, two dollars and forty-two cents, and so in proportion for any greater or less strength, and for any less quantity than a gallon;

(c) When manufactured exclusively from molasses, syrup, sugar or other saccharine matter, taken to the distillery in bond and on which no duty of customs has been paid, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty-three cents, and so in proportion for any greater or less strength, and for any less quantity than a gallon.

201. There shall be imposed, levied and collected on every gallon of any fermented beverage made in imitation of beer or malt liquor, and brewed in whole or in part from any other substance than malt, a duty of excise of fifteen cents, which shall be paid to the collector as herein required: Provided, that any brewer using sugar, syrup or other saccharine matter in the manufacture of beer, and having previously given ten days' notice in writing, to the collector of his intention to use such sugar, syrup or other saccharine matter, and paying the duty hereinbefore mentioned on the beer made therewith, may receive a drawback equal to the duty of excise paid by him on the malt used with such sugar, syrup or other saccharine matter in making such beer, under such restrictions and regulations as the department prescribes.

222. There shall be imposed, levied and collected the following duties of excise on all malt, which shall be paid to the collector, as by this Act provided, that is to say:

(a) On every pound of malt manufactured in Canada, subject to excise regulations with respect to coomings and absorption of moisture in warehouse as provided by the Order in Council of the seventh day of February, one thousand eight hundred and ninety-one, three cents: Provided that malt may be removed from a malt-house to a distillery in bond, and the duty on such malt may be remitted upon proof satisfactory to the department that such malt has been used solely for the production of spirits, in which production no other material than malt is used; and provided further that malt used, in any licensed bonded manufactory, in the manufacture of malt extract or other similar medicinal preparation approved by the department may have duty thereon remitted

under such regulations as the department establishes;

(b) On every pound of malt imported into Canada and warehoused, when taken out of bond for consumption, an excise duty of three cents: Provided that malt imported into Canada, crushed or ground, shall be subject to a duty of five cents per pound.

279. There shall be imposed, levied and collected on tobacco and cigars manufactured in Canada the following duties of excise, which shall be paid to the collector as by this Act provided, that is to say:

(a) On all chewing and smoking tobacco, fine-cut, cavendish, plug or twist, cut or granulated, of every description, on tobacco twisted by hand or reduced into a condition to be consumed or, in any manner other than the ordinary mode of drying and curing, prepared for sale or consumption, even if prepared without the use of any machine or instrument and without being pressed or sweetened, and on all fine-cut shorts and refuse scraps, cuttings and sweepings of tobacco made from raw leaf tobacco or the product in any form, other than in this Act otherwise provided, of raw leaf tobacco, ten cents per pound, actual weight;

(b) On common Canada twist, when made solely from tobacco grown in Canada, and on the farm or premises where grown, by the cultivator duly licensed therefor, or in a licensed tobacco manufactory, ten cents per pound, actual weight;

(c) On all snuff made from raw leaf tobacco, or the product in any form of raw leaf tobacco or any substitute for tobacco, ground, dry, scented or otherwise, of all description, when prepared for use, ten cents per pound, actual weight;

(d) Snuff flour, when sold or removed for use or consumption, shall pay the same duty as snuff, and shall be put up in packages and stamped in the same manner as herein prescribed for snuff completely manufactured, except that snuff flour not prepared for use, but which needs to be subjected to further processes, by sifting, pickling, scenting or otherwise, before it is in a condition fit for use or consumption, may be sold by one tobacco manufacturer directly to another tobacco manufacturer, and without the payment of the duty, under such regulations as are provided in that behalf by the department;

(e) On cigars of all descriptions, made from raw leaf tobacco, or any substitute therefor, three dollars per thousand;

(f) On all cigars, when put up in packages containing less than ten cigars each, four dollars per thousand;

(g) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing not more than three pounds per thousand, three dollars per thousand;

(h) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing more than three pounds per thousand, eight dollars per thousand;

(i) On all foreign raw leaf tobacco, unstemmed, taken out of warehouse for manufacture in any cigar or tobacco manufactory, twenty-eight cents per pound, computed according to the standard of leaf tobacco as hereinbefore established;

(j) On all foreign raw leaf tobacco, stemmed, taken out of warehouse for manufacture in any cigar or tobacco manufactory, forty-two

cents per pound, computed according to the standard of leaf tobacco as hereinbefore established;

2. In all tobacco manufactories where less than fifty per cent of Canadian raw leaf tobacco is used, and where ten per cent, or more, of other materials is used, such materials shall be subject to a duty of sixteen cents per pound actual weight.

3. Resolved, that any enactment founded on the preceding resolution shall be deemed to have come into force on the seventh day of August, nineteen hundred and fourteen.

Mr. McCOIG: May I ask what tariff changes are made on raw tobacco coming into this country?

Mr. WHITE: I shall give my hon. friend full information later on.

Mr. McCOIG: Are any changes being made?

Mr. WHITE: We are increasing the excise duty on manufactured tobacco from 5 to 10 cents per lb. As regards customs duties, the specific rate on cigars and cigarettes will be increased from \$3 to \$3.50 per pound, while on other manufactured tobacco an increase of 10 cents per pound is proposed. Raw leaf tobacco is not touched so far as customs duties are concerned.

Mr. A. K. MACLEAN (Halifax): The occasion hardly demands any extended remarks from hon. gentlemen on this side of the House in connection with the Budget statement just delivered by the Minister of Finance. It is of course an unusual thing for us in this country to have a second Budget statement delivered in the one fiscal year, and I am sure we all regret the circumstances which necessitate the deliverance of this second financial statement by the minister. It was not unexpected, however, that, Parliament being assembled, we should have a statement from the Government announcing a sharp decline in our revenues, and that efforts were being made to supplement the revenues of the country in order to meet any probable deficits. The Minister of Finance has very well described the conditions now prevailing in this country. Previous to the announcement of war some two weeks ago, we had experienced for some months considerable declines in our imports, and consequently in our revenues. This condition was accentuated extremely by the tragic and regrettable conditions now prevailing throughout Europe. As the minister has stated, we found the credit system not only of Canada but of the entire world almost in a state of collapse for a week at least. We found the imports into

[Mr. W. T. White.]

our own country declining very considerably, and the purchasing power of our people also decreasing. We observed the purchasing power of most nations of the world also falling, and that meant a diminution in our exports to those countries which in the past were purchasers of Canadian products. We found high rates of exchange, insurance and freight, a cessation partially of the shipping business of the world, a tendency towards the protection of gold reserves on the part of nearly every country in the world, a cessation of borrowings by Canada, and all these tended to a derangement of the financial and trade conditions of this country. It was inevitable, therefore, that there should come a diminution in our trade and revenue, and it was not unexpected that efforts should be made by the Government of Canada to secure further revenues for anticipated declines. It is needless for me to make any reference to or to discuss the necessity of securing additional revenues for the treasury of this country. Whether this might have been avoided in the past by a different disposition of Government policy is not a matter for debate upon this occasion. The condition confronts us and must be met, and I think it will be the judgment of this House that it was imperative that some ways and means should be provided to meet to some extent at least the diminution in revenue.

I do not propose to discuss the tariff amendments which have been proposed by the Minister of Finance this afternoon. To some degree, at least, I am sure the changes he has proposed will meet with the commendation of the people of this country. However, the changes proposed are very considerable and substantial, and I am sure hon. members opposite will admit that it is but a fair request that we be allowed to reserve our comments on the tariff resolutions until they are placed before the Committee of the House.

I have just a word or two to say in regard to one or two other matters. The Minister of Finance announced the intention of the Government to abstain from further unnecessary public expenditures, but he gave no indication of the extent to which work on public works, the money for which has already been voted, will be carried on. I admit there is room for difference of opinion as to the extent to which the government should proceed in respect to public expenditures. It must be conceded, I think, that public undertakings of a national character already commenced or

in contemplation, and which may reasonably be expected to be productive to the nation should, if possible, be continued. I do submit, however, and predicate that in the future in this country both in respect to public and private expenditures there must come a decided change of policy. I think I may in fairness say that a large proportion of the public expenditures made in this country in the past—and I am not referring to the expenditures made by one government or another—was very doubtful indeed, and I believe the public will demand that in the future a vast amount of public expenditures of the character made in the past must necessarily be abandoned or abated. If one were carefully to examine the Estimates passed at the last session of that Parliament he might readily conclude that they contained supply for public expenditures, aggregating many millions of dollars, which should never have been suggested at all, and which now should be suspended at least and probably never recommenced in the future, but be entirely abandoned. I trust that the Government will exercise a wise discretion in public expenditures during the next few years, and especially during the present fiscal year, and that none will be commenced which are not of a national character and which will not be productive to the nation.

There is another matter to which I wish to refer very briefly indeed, and it is one which affects the welfare of the country. I am assuming to speak largely for myself and not on behalf of any other hon. gentleman in this House. In this matter I am not attempting to dictate what should be the permanent fiscal policy of the Government; it is rather in the way of a suggestion of temporary relief to the people. I refer to the food supplies of this country. It is quite apparent that European energies for many months to come—I trust not many—will be devoted to war and not to the production of the necessaries of life. The sword and not the ploughshare is in action in Europe today. Fighting is taking place probably at this very moment in the very garden of Europe and in the greatest wheatfields of the world. This necessarily means a very pronounced curtailment in the production of the food supplies of the world and a drain upon the food supplies of this country, the United States, and some others of the few non-belligerent countries. I am not speaking after any investigation or study of the estimated crop productions of this country during the present year. Distressing

news comes from some sections of the western provinces with respect to our wheat productions and it is said that other agricultural crops in some others of the provinces are very considerably short of the normal. The financial conditions likely to prevail during the coming winter I think inevitably will bring distress upon many of the people of the country and consequently the quantity and cost of the food supplies of this country is a matter of extreme importance.

With the best possible motives and in all sincerity I do suggest to the Government the desirability of considering the question of placing upon the free list many of the food supplies of the country. It may be that our own production will meet our own consumption and the extraordinary demand which will be made upon our food supply, but nevertheless I can see no reason why the question of even the temporary elimination of duties upon the foodstuffs of this country should not be seriously taken into consideration by the Government. I am not suggesting this to-day as a matter of permanent policy for the Government if their economic views be different, and if it would not be in harmony with their views as to what would be the true fiscal policy of the Government. I am now suggesting it merely as a wise temporary policy and one calculated to meet the unfortunate conditions now prevailing and which may prevail in a more pronounced way during the coming months of this year.

There is another thing to be said in connection with the tariff upon foodstuffs and it is that if in the judgment of the Government it would be deemed unwise to place a considerable quantity of them upon the free list there might very well be a very considerable diminution in the rate of duty. It might afford some relief to the people of the country and still give the treasury an additional revenue because I think I am quite correct in stating that it would be possible to secure a greater revenue under a very moderate tariff upon foodstuffs than with the tariff rates now existing upon such commodities. There is this further to be said in connection with the suggestion, that if our own foodstuffs are sufficient, the absence of tariff duties upon imports of foodstuffs might enable some exporters in this country to engage in the export trade by reason of the fact that the elimination of duties would bring into Canada a quantity of foodstuffs in excess of our own consumption for export.

[Mr. A. K. Maclean.]

Under the present war conditions prevailing in Europe it is quite obvious that there will be a cessation of manufacturing in countries which hitherto were large exporters to nearly every country in the world. It is worthy of consideration whether or not something might be done to enable Canadian manufacturers to participate in the export of manufactures to countries hitherto largely supplied by the belligerent countries of to-day. This is a matter which might very well be taken into consideration by the Government and particularly by the Minister of Trade and Commerce. This is a question which will receive very keen and careful attention from the Government of the United States. I assume that they anticipate that a great opportunity is open to them for obtaining markets which hitherto they were unable to enter, and I do submit that it is quite possible that Canadian manufacturers and exporters might have to-day an opportunity to obtain markets not hitherto open to them. What the Government might do to assist in the extension of our foreign trade in manufacturers I am not able to suggest at the moment. It may be that a moderate expenditure in the way of encouraging steamship lines between Canada and foreign countries, with strict governmental control over rates, would be as good a method as any other to assist the Canadian manufacturer and exporter. I make this suggestion to the Government trusting that they will take it into consideration, because anything which will at the present time afford new markets for Canadian manufacturers is one worthy of our best consideration.

I shall reserve any remarks I desire to make with reference to tariff changes until the resolutions are before the committee of the House. In making the suggestions I have presented, let me repeat that they are made not in a spirit of opposition to the proposals of the Government to secure additional revenues to carry on the public services of the country, but rather because I believe they are in the public interest and should commend themselves to the House and to the country.

Mr. W. F. MACLEAN (South York): Mr. Speaker, I trust the House will bear with me for a few moments while I address myself to the question raised in these proposals and in the statements made by the hon. Minister of Finance. The proposals of the minister to raise a revenue sufficient for the engagements of the country and to carry on our share of the war meet with

my approval, will meet with the approval of the Canadian people. We must do our share in maintaining the honour of the Empire, and we shall do it both in the way of money and in the way of sending our contingents to the scene of warfare. That sentiment was well expressed yesterday on both sides of the House; but while we have to raise money to meet the ordinary expenditure of this country and for war purposes and because of the same extraordinary conditions which have arisen, we must also do something in order to carry on the ordinary business of this country. We must do something for the Empire, but we must do something also for Canada. The minister in his speech referred to the fact that business was more or less dislocated by this great war which has sprung up in Europe and to which we are a party. We must, however, carry on the business of the country; we must keep our industries and manufactures going; we must find employment for our people. While this is a war measure and dealing with sources of income for the Dominion, we must find some way—and a budget must deal with the general situation in the country—to increase the currency and the credit resources of this country for the benefit of trade. The present issue of Dominion notes is thirty million dollars with a gold reserve of 25 per cent. The minister proposes to increase that issue to fifty million. I commend him for doing so, but will that be sufficient? While it may be sufficient for the ordinary commitments of the country and the war expenditure, is there in it any provision for keeping trade going and of preventing, if possible, the stagnation which threatens to overwhelm the industries of this country? The Government ought to ask for power to increase the issue of Dominion notes to at least one hundred million dollars and, if necessary, to keep the gold reserve at 25 per cent. In order to secure gold sufficient to maintain the reserve at 25 per cent, we might have to issue bonds. Perhaps in time of war it might be necessary to have a 25 per cent gold reserve; a 15 per cent reserve would probably meet the circumstances. I am not going into the details of that; but it is absolutely necessary that the issue of Dominion notes should be greatly increased over the amount proposed by the minister, and the necessary gold reserve can be secured to maintain that currency in the best possible shape.

The minister has also made the proposal to use Dominion notes to any amount for

what is practically general business purposes. In connection with the currency of Canada I have advocated in this House on previous occasions that we ought to have a system of rediscount in this country such as now exists in the United States and for which there is now organized a system of reserve banks scattered throughout the United States. In that proposal there is the central idea that the United States are not going hereafter to look to the banks for the currency and the credit of the business community; but they intend to make the currency rest upon the credit of the country; and they intend to make the currency rest upon the credit of the country by way of national notes secured by gold reserve, and also by increasing the available money of the country by establishing reserve banks or banks of rediscount which will rediscount for the banks by use of national notes, commercial paper and other securities that may be offered to the banks. In Canada with the commitments that we have and confronted as we are with this great war, not only must we have means of increasing the resources of the Government for war and for ordinary purposes, but we must have means to supply the country with sufficient currency to carry on business. It might be said that our banks can do this. Can they? Is the Government to-day, in the face of this war, able to go to the banks of this country for assistance? Our banks to-day have of total available assets one thousand five hundred million dollars. Yet apparently the Minister of Finance says to-day that he sees no prospect of getting money from the banks for the special requirements to which he has referred, but that he must go as a borrower outside of the country. That is probably the right course to pursue; but does this House and this country know that of that one thousand five hundred million dollars, \$133,000,000 is used up by call loans outside of Canada and \$67,000,000 of call loans in Canada? If our banks had not sent that \$200,000,000 out of the country for purposes of stock speculation—which I absolutely deprecate, because it is not to the welfare of the country—that money would be available to meet this situation; but it is not available. Business is likely to be paralyzed in this country; and at a time when we are going into ways and means and discussing the special conditions of this country, we ought to discuss the broader and greater issue, namely, not only how we are to finance the Government but how we are to

finance the general business of Canada. What ought to commend itself to this House and to this country in the light of the experience of the present day and of the great progress of national finance and banking as illustrated by the practice in other countries? It is that the currency of the country, that is the money in circulation, ought to be absolutely the creation of the Government, and it ought to rest on the security of the State and on the credit of the nation. We should not rely upon our banking organizations for the currency, but should have an absolutely stable currency in large amount in the shape of national notes secured by gold reserve. In the United States the Secretary of the Treasury took the necessary authority, and to-day has \$500,000,000 of government notes which he can deposit in any of the banks for the purpose of moving the crops. We have gone at it in a roundabout way. We have allowed our banks to increase their currency by 15 per cent on their capital and reserve, and in a way that has relieved the situation. But it is not sufficient for the condition of affairs that exists to-day. What they have done in the United States with so much success is what we must do. But, more than that, it is proposed here, according to another resolution I have seen, practically to adopt this principle of rediscount by means of national notes. I commend that absolutely. In view of the distressed condition of the country, in view of the fact as stated by the Minister of Finance that unemployment is in sight, that there are factories and industries which would be willing to give employment but cannot do so because they cannot get the necessary accommodation from the banks, it is the duty of Parliament to find a way, by improvement of our banking laws and our currency laws, to insure sufficient capital and sufficient currency to carry on the business of the country.

The system of national currency has been adopted all over Europe except in Great Britain. And to-day, practically, the Bank of England note is a paper issue guaranteed by the State. It may be based on gold, but the Bank of England paper to-day is practically what may be described in the words of the United States Secretary as 'government money.' And that is the best money in the world. It used to be called 'greenbacks' in the old days in the United States. United States notes are the best money in the United States, and it is the best money in Canada to-day, and we must

have that system. We have not the right kind of currency nor the right kind of banking.

Mr. MACDONALD: What do you propose?

Mr. MACLEAN: Practically two things. The metal currency of the country in the form of tokens is absolutely provided by the State. Why should not this State follow the example of all progressive states and have all the currency of the country in national notes or tokens secured by a gold reserve—the amount of which I will not discuss—thus providing an issue of a national currency that will be elastic enough to meet conditions?

Mr. MACDONALD: Would you issue that currency to the banks?

Mr. MACLEAN: At present the banks issue over \$100,000,000 of their notes, and that together with the Dominion notes and coinage, practically supplies the needs of business. Instead of allowing the banks to issue notes, I would lend national notes to every solvent bank up to within its paid up capital and rest. The details of interest charged therefor I will not go into now, but the interest rates should be low. Then let the banks withdraw their issue. In this way you would immediately do away with the foolish and antediluvian business of the banks exchanging their notes through the clearing house, balances being settled in Dominion notes which are practically gold. That is a roundabout way. With a national currency secured by gold there would be none of this clearing house work, and our national notes would circulate in the United States as their national notes circulate here. The United States had to finance itself in times of stress and trouble by means of national notes. For a while these notes were at a great discount. I can remember when what was called 'gold' was quoted at \$1.60. That is, if you had \$1.60 in United States national notes you could get for it one dollar in gold. But those notes came to par and they are the best money in the world to-day. To my mind, that is the only currency suitable to the conditions of this country.

Now, let me tell the House and the country what is the actual condition of business in this country to-day. The banks are organized largely on the deposits of the people, and if the manager of a bank—I care not how large it is or how great

[Mr. W. F. Maclean.]

its capital—finds any morning that some depositors have withdrawn deposits, he is much concerned. In cases word is actually sent out to the branches of the bank all over the country that they must go slow on discounts and let up in accommodating the customers. Why? Because they know that if some persons are withdrawing their deposits to-day, others may be withdrawing theirs to-morrow, and in order to keep strong in case they are called upon to pay out more deposits, they refuse accommodation to the people. But, under the splendid new principle of rediscounting—new at least to America—when a bank manager finds that either his head office or his branch offices are being called on for deposits, he knows that he can take the notes already on discount in his bank to the reserve bank, cash them for 90 per cent or 95 per cent at a reasonable rate of interest, and have national notes to meet all his requirements and to pay depositors or any one else. Our banks are timid because of the present condition of affairs. They cannot rediscount; the bank that would rediscount in Canada to-day would lay itself open to suspicion. The great feature of banking in Europe, especially in London, is the system of rediscounting. The Bank of England, whenever it wants money or gold in a time of emergency, says to its bill brokers; 'Go out and sell these bills wherever you can, and bring us the gold.' Sometimes they are willing to submit to a farthing reduction in interest, and think nothing of it; they know that any day they can get either the gold or its equivalent. We must have that system in this country if we are to inspire our banks with confidence to carry on business at all times and to provide money sufficient for the business of the country.

The business men of Canada to-day are concerned even more about the currency of this country and about providing finances for the country's needs than they are with regard to the war itself. I believe that the country looks to-day to this Parliament for a clear declaration of the inauguration of a new policy with regard to banking and currency in Canada. It must come. It took a long time to work it out on the other side, but they have worked it out, and if we wish to stimulate our industry, to assist the development of our country and to find employment for our people, we must establish some such new system. In doing so it is not necessary that we should do anything hurtful to our banks; not for one moment do I propose that when they with-

draw their note issue the Government should take charge of and furnish the entire note issue.

There is an intimation in another part of the Order Paper that the Government proposes to issue additional notes up to any requirement as against securities deposited with fiscal agents of the Government named for that purpose. When we come to that I may discuss the matter at some length, but just now permit me to point out that the immediate requirement of to-day is not merely a war budget; it is a general budget; it is the declaration of a financial policy and the establishing of a system of taxation that will meet the requirements of such conditions as exist to-day. We want a currency and an expanded banking system that will meet all the requirements of the country. The farmers in the West want banking facilities in order to market their grain, and the best way of doing that is under a system of national notes. We are trying to ease off the situation in a roundabout way in regard to helping the farmers in the West. We propose to empower the banks to make loans on grain, etc., but if the banks have not the currency and have not the means whereby they may do so, what is the good of such legislation? The requirements of the country are in the direction of a much larger issue of national currency, and I think that the minister, when he brings down his resolution dealing with the issue of national notes, ought to make it at least \$100,000,000. Later he ought to take power to issue an amount of national notes for purposes of rediscount; if not at this session, then in the approaching session. We should then have a system of banking the fundamental principle of which would be (1) the currency of the country to be national currency based on the credit of the country and represented by national notes. (2) A system of rediscount by means of national notes.

Our banks practically confess that they are unable to carry on the business of this country. They are willing to help their present customers in a way, but can they help new customers? New customers have to be helped. The minister has various proposals in connection with rediscounting, as far as they go. He says the Government will make advances against securities deposited with them. Who is to be the judge to see that there is fair treatment in regard to that very matter? If it is put in the hands of the banks themselves, they may be willing to initial the securities of certain interests or individuals friendly to them.

but we have to have a system of advances or of rediscounting which is in the hands of an absolutely independent body, organized, I suggest, as the great national bank of Canada. We want not only these national notes; we want a State bank—a great bank perhaps built up out of the Bank of Commerce and the Bank of Montreal, to be known as the Bank of Canada. Acting as the fiscal agent of the Government, it should have great capital; it should operate under a system of rediscounting, and it should emit the national currency. By conducting operations as the bank of the country, and by adopting the two great principles of national currency and rediscounting, such a bank should contribute in a large measure to more satisfactory financial conditions without in any way antagonizing the other banks. It would strengthen them.

If we have not grown as fast as we should have grown, it is because our banking and currency laws do not keep abreast with the requirements of the times. I give the minister credit for relying on national notes to help him out of this emergency, and I give him credit also for his proposal to issue national notes up to any amount against certain securities. But this policy should be not an emergency provision; it should be the bold and avowed policy of this country that our banking system shall be based on the principles adopted by other and modern countries, especially in old-fashioned Europe. Their system is far ahead of ours in the way of helping industries and obviating unemployment; yet we have gone on with this old system.

The banks up to the present have claimed credit for upholding the credit of the country and doing everything they could to prevent financial depression. I give them a certain amount of credit for this, but it must be remembered that they have been given a monopoly of the banking business of Canada. The state must also go into the banking and currency business; it must be the ruling factor in finance. We want all our present banks. I like to see the capital of the public go into the banks, the banks making reasonable profit therefrom. They are entitled to all that, but our old-fashioned banking system is not equal to the requirements of this country. It is not equal to the requirements of the farmers; indeed, the farmers have had very little banking accommodation in Canada up to the present time.

[Mr. W. F. Maclean.]

Our banking system is not equal to the ordinary requirements of business and certainly it is not equal to emergency times like this. England is not disturbed in her financial policy at the present time, but she is willing to do anything that may be called for by the conditions. The courage of England's financial policy in the last few days is the admiration of the world. England has done everything to uphold the financial situation. She has kept the sea routes open, she has strengthened the bank of England, she has guaranteed the bank of England in discounting foreign bills. She has done everything necessary and she has pointed the way to us. All that is needed is more courage on the part of our Government, following up what they have already done. Let them do all they can in this emergency session but let them come here next session with a currency and a banking proposal that will be equal to the requirements of the country. I regret that the Minister of Finance, when he dealt with the financial position of the country and the requirements of the Government, did not go a little further. I hope he will go further in discussing his other resolutions and tell the people what he intends to do, that all he can do he will do to aid and assist the business of the country in the effort to restore business from its present dislocated condition.

I know my own people in my own constituency; I know my own city and I know my own province; I think I know the feeling of the country generally pretty well, and I believe that all Canada is behind the Government in doing everything to save the honour of the Empire and especially to maintain the cause of freedom and free government. That is worth everything. I do hope, now that the sword has been drawn, that the allies, including England and her daughter states, will keep at it until the end so that once this conflict is over there will be an end of war. If we can get rid of war by supporting the mother country and doing our full share in every direction, we will have done something that will bring again peace and prosperity to the world. We have all wished to see militarism disappear; it is the curse of humanity in this day; we have to keep at it until it is finished. I care not how long the battle; it may be a most serious, long and discouraging struggle, but now that we have entered upon it we must see it through and our legislation must be based on the fact that it is to be a long and a severe struggle. If

that is the case, and while this is an emergency measure we have here to-day, we must revise our orientation in regard to our financial structure and organization. We must come back here next session and establish a system of currency and of national credit adequate to the requirement of the country. The national credit is based on the savings of the people whether in insurance companies or banks or saving societies and on investments of one kind or another; also the credit of a country is based largely on securities that our companies issue. We have been issuing in this country, as they have in United States, a class of watered securities that have injured the credit of this country and caused enormous losses to our people. If we had in Canada now the money we have lost in speculation and watered stocks engendered and encouraged by the action of our banks through their call loan system, we would not have needed any emergency proposals here-to-day. If we want to hold up the national credit, which is partly based on the securities issued in the country, we have got to take charge of all those issues, no matter what they may be. I read the other day that a great railway corporation proposes to issue further securities, perhaps with the consent of Parliament, I do not know; but from this moment there should not be any kind of security issued in this country that has not passed the approval of some responsible government board in the direction of seeing that that issue will not hurt the national credit. The national credit of the United States has been injured by watered issues. Our national credit has been so injured. We saw the stock exchanges closed the other day because of trading enormous stock carried on in Europe and this country and supported by the banks of this country and other countries. If we have control of the banks it is time we told the banks of this country that the savings of the people of which they are the custodians shall not be used for stock speculation, and that if they are to be used for facilitating investment it must be on lines approved of by some responsible government board. The stock exchanges of Toronto and Montreal ought not to be allowed to be reopened until this matter has been cleared up. The way to do it is for the Government, in taking the wide powers they are taking now, to take further power to say that advances made by banks of this country for carrying stocks on margins shall not be allowed. Are we to know before this session closes

that the savings of the people, to the extent of \$200,000,000, in the banks of this country and placed on loans for stock speculative purposes in the United States, is to be ordered back if it can and not again used for that purpose? The responsibility to do this is on the Government. They have taken wide powers; let them take other power to stop it. They see the destruction that has been wrought. Let anybody go into Montreal or Toronto or any of the towns of Canada and see the distress that has been wrought, how profits made out of real estate or manufacturing or merchandizing have been dissipated in years gone by. Nearly all the profits that have been made in Canada have been drawn into the maelstrom of stock speculation in Wall street and on our stock exchanges. I put protest on behalf of the people of this country, whose deposits are in our banks and who to-day feel the great stringency in regard to currency, against these two things, allowing our banks any further to lend money for stock speculation purposes and allowing any stock issue of any kind under a federal charter or a federal Act of incorporation to go forth unless it has passed and been approved of by a competent board created by the Dominion for that purpose.

Mr. MICHAEL CLARK (Red Deer): War as viewed from some of its angles is a temporary triumph and prevalence of the abnormal, and it is quite in keeping with that thought that we should have had the shortest Budget speech on record. I shall endeavour to live in harmony with that speech by making my observations as brief as possible under the circumstances. I sincerely trust that nothing I say will be taken in bad part by the Government or will inconvenience them in the slightest degree. There are one or two observations, however, that I want to make upon the Budget, and upon the means taken by the minister to raise the money needed in this extraordinary crisis in the Empire's history that I should feel I was not doing my duty if I did not make. I listened to four speeches yesterday which have, I am sure, never been surpassed and rarely equalled in the ability with which they voiced what is the national sentiment of Canada at the present moment, and I did not have any objection that I know of to a single sentence or phrase in any one of those speeches. However, a budget is a budget after all, and, however war may appeal to the imagination, a budget is necessarily a prosaic thing. It is a

practical thing, it is a matter of raising money, and as long as we have governments that introduce budgets, we shall have members who do not quite agree with the Government in the way they raise the money. I am sure that we in Canada have followed the example, to a very large degree, of the old country in uniting all the members of the community for the common purpose of national defence. I had an early opportunity of indicating what was the view of the members of the party to which I belong in the province from which I come on this matter, and I took the line which was taken about the same time by my leader—I was fortunate in doing so—of proclaiming, so far as I was concerned, a truce to all party strife. In the old country nothing has been more marvellous, I think, in the history of the world than the way suffragette troubles, labour troubles and all other troubles have disappeared and the people have united for a common purpose. I do not make this remark except for the purpose of a practical suggestion which I wish to link on to it. I am sure the Government will give attention to my suggestion, but I do not know whether their attention will lead to its adoption. We have on one of our coasts at the present time a number of men in jail who are not ordinary criminals. They are in jail as the result of a labour dispute, and I cannot help thinking—and I offer the suggestion to the Government in all good faith—that it would be following the example of the old country in the matter to which I have referred, and following the example which has been general in our own country, if an appeal, which was made, I think, by my hon. friend from Nanaimo (Mr. Shepherd) when this matter was the subject of acute party discussion, were taken up at this present time, apart from any such party discussion, and an act of clemency extended to these men, who, I repeat, are not ordinary criminals. I cannot help thinking that men who got into prison under such circumstances as did these men would be better off with their liberty at the present moment, with a chance of using any fighting powers they have on the Pacific coast, than lying in prison and being a charge on the public authorities.

Sir ROBERT BORDEN: I am informed by the Solicitor General that, with one exception, they have all been released.

Mr. CLARK: I must express my extreme gratification that the Government has anticipated my suggestion.

[Mr. M. Clark.]

With regard to the proposals of the Budget, I have said that war is a triumph of the abnormal, and, I might have added, of the extraordinary. I am bound to say that my hon. friend the Minister of Finance has met the extraordinary and the abnormal by very ordinary and very normal proposals. He has met this extraordinary state of affairs by a proposal to increase the debt of the country, which is not a new proposition, and by a proposal to increase the tariff. I do not think—and I should not be doing what I conceive to be my duty if I did not express myself firmly on this point—I do not think the Government has been happy in the way it has met this extraordinary crisis. As to the amount that is being voted, I do not think there is a man in Canada who will have a word of criticism to pass upon that, and if the Government needs to come back very shortly with a proposal to raise \$100,000,000, I do not think there is a man in Canada who will have a word to say in criticism of that; but I repeat, I do not think the Government are happy in the way they propose to raise it. I question very much the wisdom of disturbing the fiscal conditions of the country at all in the way of raising the tariff for the comparatively paltry sum which the minister will raise by that means. In the disturbed condition which existed before the war, and which has been immeasurably intensified by the war, I very much question the wisdom of that.

With regard to the increase in the debt of the country, I do not think that perhaps could have been avoided. The debt of the old land is largely, almost entirely, the residuum of the wars of centuries, and I do not think that Canada possibly could have escaped increasing her debt. I would like to endorse at this point, however, the weighty suggestion which fell from my hon. friend, the junior member for Halifax (Mr. A. K. Maclean), that the Government should devote their utmost attention in every department to the most rigid economy in detail. That, if it be an abnormal suggestion so far as the House is concerned, is certainly a return to the normal on my part. I would like to endorse very strongly what fell from my hon. friend on that head.

With regard to the changes that have been made in the tariff, I think it is most unfortunate that the Government at this time should have had recourse to the in-

crease of the duty upon two of what are the necessities of life of the poor in this country. I do not want to utter a single word which would inflame any class animosity at this time, but I think we shall all agree that the poor in this combat, whether in this country or in the old land, will bear more than their share of the suffering that the war will entail. It will be the blood of the poor that will flow in the largest amount anyhow. As to the loss of treasure, the poor never have any treasure to lose. The poor will bear more than their share; but when you tax the sugar and the coffee of the country you make it certain that by the pressure of your taxation the poor will bear more than their share, for the French habitant with a family of fifteen naturally uses far more sugar than the rich man who never has a family of fifteen—as least, I never knew one who had. You may be absolutely certain that the difficulties of the poor will be increased in this way. The same thing applies in a minor degree to the tax on coffee.

I was very much interested in the steps which my hon. friend has taken to see that those who are dealing in liquors do not wriggle out of their responsibilities at this particular moment in the history of the country. I wonder if my hon. friend has had his attention directed to some actions which perhaps are not wriggings, but which are by no means lovely actions, on the part of the sugar refiners in this country. I was talking to a gentleman yesterday who has some investments in sugar in this country, and who knows the industry thoroughly, and he told me of his intimate knowledge that since the war began men engaged in that industry who bought huge amounts of sugar before there was any question of war, and at the normal price prevailing before the war, have increased enormously the price they are now asking for that sugar. I think I am not going outside the path of strict non-partisanship nor outside the path of my present duty when I call the minister's attention to that statement. I make it on my own responsibility and ask him to look into the matter. When the people engaged in that industry are, according to those who know about it, taking this most reprehensible course of procedure, I do not think it is the moment when the Government of the day should, for the paltry amount they are going to raise by this measure, increase the tax upon this necessity of the whole of the common people

of this country. In regard to the tax upon spirits and tobacco, the bigger it is the better in these times. As a general rule people ought to pay upon their luxuries.

I may be asked what I would have proposed to the Government as a substitute for the steps they have taken. I think that it would have been a most fortunate moment for the Government to have tried a little incursion into the realm of direct taxation. That would have been a triumph of the abnormal in Canada. Instead of increasing the duties which bear upon the poor, they would have had the great mass of the people of this country behind them if they had put a good fat tax upon incomes—let us say a graded tax upon all incomes above \$1,500 a year. I offer that suggestion to the minister because this may not be the last war budget that he will have to bring in. I am afraid it will not be. I offer that suggestion to him and to the Government as one well worthy of their consideration.

May I trespass one moment further upon the time of the House to remind the minister that the income tax in Great Britain was originally a war tax. The income tax in Germany to-day is a war tax. The same cannot be said of the income tax in the United States, but the fact remains that the income tax has recently been introduced into the fiscal system of the United States. I offer this suggestion in all good faith and without the slightest desire to hamper the Ministry in doing anything to help the country under the circumstances prevailing at the present time. I apologize to the House for having said even these few words. I have fulfilled my promise that my Budget speech would be short.

I would not care to sit down without saying that I do not think my hon. friend the Minister of Finance used the language of exaggeration when he said that the national existence of Canada is at stake. I do not think it is possible to use language of exaggeration in regard to the tremendous crisis which faces not only Canada but the British Empire, the whole of the civilized nations of the world, and civilization and Christianity in the highest sense of the term itself. I do not think it possible to use exaggerated language about it. While I endorse what the Minister of Finance said on that subject, and while I appreciate to the full the gravity of the days, the months and possibly the years that are in front of us, I should still not be doing my duty to myself if I sat down without saying that I am a con-

firmed optimist. I believe that a war undertaken for the protection of self-government is one to which in the last resort the people of Canada will be prepared to devote their last drop of blood and their last dollar too. What I believe to be true of the people of Canada I believe also to be true of all the enlightened people of all the nations of the Empire and all the other nations with which we are allied at the present moment. I have the faith to look through the dark clouds that seem to hang over humanity as a pall and to see the silver lining to them. As I have read history, and as I look upon the circumstances under which we are at the present moment, I recall to myself for my consolation, as they are the support of my faith, the lines:

For God from evil still educes good,
And Freedom's seed still grows, though
steeped in blood.

Sir GEORGE FOSTER (Minister of Trade and Commerce): I do not rise to interpose in this debate other than for one single and simple purpose. But before I proceed to that I want to say to you, Mr. Speaker, and to this House, how much I enter into the spirit of the closing remarks of my hon. friend who has just taken his seat (Mr. Michael Clark). In these days of comparative darkness and the approach of a struggle unparalleled in the history of the world, it is good for us, while acknowledging to the full all the seriousness of the conflict before us, to abate not one single jot or tittle of our hope and confidence in the ultimate triumph of the right. The feeling which prevails on both sides of this House and in all parts of this country is that, whatever may be said of other conflicts, in this we have no doubt of the righteousness of the cause we are defending.

What I rose to do was, not to say that my hon. friend who has taken his seat has made an unjust attack upon any portion of the commercial community, or the manufacturing community in Canada, but to say to him that, from the knowledge which I myself possess, his informants have scarcely put him au fait with the facts of the case in reference to the attitude of the sugar refiners. I have had very close communication with the sugar refiners for the last fortnight, and I think I know the course which they have adopted. I have no other disposition than to give my meed of praise to the stand which has been taken by the sugar refiners of Canada during the last three or four weeks during which this crisis has been

[Mr. M. Clark.]

upon us. The sugar refiners, not many in number in Canada, are in about this position, without going into details. They have a certain amount of raw sugars on hand which were bought when prices were normal. They have a certain amount of refined stock on hand which they have made and are now making from those sugars. Consequent upon the condition of things raw sugars are rising in price and will continue to rise in price probably for a more or less indefinite period. The whole situation is such as to make that pretty nearly a certainty if anything can be certain within a short range from the present. The sugar refiners of Canada have done this; they have in some cases not raised the price one single cent at which they sell to the wholesalers; in some other cases there has been a slight, but a very slight, rise in the price to the wholesaler. The wholesalers are under a certain arrangement with the refiners from whom they get their supplies, and the refiners are holding them to this arrangement, the purpose of which is to prevent the wholesalers from taking out more than they normally should from the refined supply and so exhausting the supply of sugar which at the present time, as far as refined sugar is concerned in Canada, is at an exceedingly low price compared with that in other countries. The wholesalers supply the retailers, and they again are exercising all through this country the power of restraint over the retailers, who are anxious to buy at the present price, being pressed by three different varieties of call. They are pressed for the normal call that the householders of this country have for sugar from day to day and week to week. That is the legitimate one. They are pressed by a call from the hoarders amongst the householders of this country who, whether in full or in semi-panic or for whatever other reason which appeals to them, are putting in stocks greater than are necessary for present and for nearly approaching consumptive uses. That, when spread over a large area of territory and a large number of householders and families, makes a very important factor in the distribution. These they meet by simply averaging about what was the normal call from these retailers' last year's consumption and keeping them as nearly as possible to that. Where they are asked for a hundred bags by a retailer they give him ten or twenty or thirty bags, according as that normal average is reached. That explains two of the different calls. The other is an insidious one, but still an im-

portant one. It comes from those who would buy from the wholesalers and retailers at low prices as much sugar as they can and speculate with it by sending it over to the adjoining market in the United States, where to-day sugars are wholesaling at nearly seven cents per pound, while the Canadian price is from four and a half to five cents per pound, and where retail sugars are selling at eight and nine and ten cents per pound. This morning, just to satisfy myself, I called up the retailers of sugar in the city of Ottawa, and the quotations were from five and a half to six cents per pound and no more; and still I find that in the markets of the United States sugars of the same qualities are selling at eight, nine, and ten cents. Yesterday the refiners detailed the whole of their business operations so far as they possibly could for my satisfaction. It is the determination of the refiners to keep to the present prices as nearly as possible, moderated only by what will gradually take place, namely, the injection of raw sugars for refining purposes at increased cost. I think I need not say anything more with reference to that than to give just the facts of the case, and I give them because I am sure that my hon. friend from Red Deer (Mr. Clark) would not wish that any injustice should be done to these men. So long as the sugar refiners do as well as they have been doing, and give the householders of this country the refined sugar at the prices they have been charging, we have not very much fault to find with them. I wish I could say as much for the dealers in beans. Some of the dealers, having or buying beans at very low cost, are trying to sell them at about five or six times the cost and are holding them for those prices in different cities, thus sending up the price of this natural product beyond normal. The whole question of food prices is a very difficult one, but at the same time it is a very important one. I thought it only right to say this with reference to sugar, so that the House would have the knowledge I have at my command in that respect.

Motion agreed to, and the House went into Committee of Ways and Means, Mr. Blondin in the Chair.

Progress reported.

WAR APPROPRIATION (\$50,000,000)
BILL.

On motion of Sir Robert Borden (Prime Minister), the House went into committee

to consider the following proposed resolution, Mr. Blondin in the Chair:

Resolved, that it is expedient to provide that a sum not exceeding fifty million dollars (\$50,000,000) be granted to His Majesty towards defraying any expenses that may be incurred by or under the authority of the Governor in Council during the year ending the 31st day of March, 1915, for—

- (a) The defence and security of Canada;
- (b) The conduct of naval or military operations in or beyond Canada;
- (c) Promoting the continuance of trade, industry and business communications whether by means of insurance or indemnity against war risk or otherwise; and
- (d) The carrying out of any measures deemed necessary or advisable by the Governor in Council in consequence of the existence of a state of war;

Further resolved, that the Governor in Council be empowered to raise by way of loan, temporary or otherwise, such sums of money as are required for the purpose of making any payment authorized by any Act founded on these resolutions.

Mr. MACDONALD: Will the public statement in regard to this expenditure be made now?

Sir ROBERT BORDEN: We are taking the resolution up now pro forma. That information will be given on the second reading of the Bill.

Mr. SINCLAIR: Will the minister be kind enough to explain what assistance he intends to give in regard to insurance for our shippers? A good deal of interest is being taken in that question throughout the country. We all know that a good many ships are tied up in the St. Lawrence, and the war is so near that it is impossible to safely send ships across the Atlantic at the present time. Does the Government intend to guarantee the shipping that is now ready to cross the Atlantic?

Sir ROBERT BORDEN: The Minister of Trade and Commerce has at present under consideration some representations which have been made to him in regard to that subject. Later on, before the end of the session, he may be able to make a statement.

Resolution reported and concurred in.

Sir ROBERT BORDEN thereupon moved for leave to introduce Bill No. 3, for granting to His Majesty aid for military and naval defence.

Motion agreed to, and Bill read the first time.

WAR MEASURES BILL.

On motion of Hon. C. J. Doherty (Minister of Justice), Bill No. 2, to confer certain powers upon the Governor in Council and to amend the Immigration Act, was read the second time, and referred to a special committee composed of Sir Robert Borden, Sir Wilfrid Laurier, Sir George Foster, Mr. Pelletier, Mr. Pugsley, Mr. A. K. Maclean and Mr. Doherty.

COMMERCIAL AND FINANCIAL INTERESTS BILL.

On motion of Hon. W. T. White (Minister of Finance), the House went into Committee to consider the following proposed resolution, Mr. Blondin in the chair:

Resolved, that it is expedient to provide that in case of war, invasion, riot or insurrection, real or apprehended, and in case of any real or apprehended financial crisis, the Governor in Council may, by proclamation published in the Canada Gazette:

(a) Authorize the making of advances to the chartered banks by the issue of Dominion notes upon the pledge of securities, deposited with the Minister of Finance, of such kind and amount as may be approved by the Treasury Board; such advances to be repayable at such times as the board may determine with interest at a rate likewise determined by the board of not less than five per cent per annum;

(b) Authorize the chartered banks to make payments in the bank notes issued by such banks instead of in gold or Dominion notes, the total amount of the notes of any chartered bank circulation at any time not however to exceed the amount of its notes issuable under the provisions of the Bank Act, and of an enactment founded upon the next succeeding clause of this resolution;

(c) Authorize the banks to issue excess circulation, from and including the first day of March in any year to and including the last day of August next ensuing, or during any part of such period, to amounts not exceeding fifteen per cent of the combined unimpaired capital and rest or reserve fund of the respective banks, interest to be payable on such excess circulation at a rate not less than five per cent per annum;

(d) Suspend the redemption in gold of Dominion notes;

(e) Authorize, in so far as the same may be within the legislative authority of the Parliament of Canada, the postponement of the payment of all or any debts, liabilities and obligations however arising, to such extent, for such time and upon and subject to such terms, conditions, limitations and provisions as may be specified in the proclamation.

Mr. WHITE: I desire to move a slight modification in this resolution. In section (a), after the words 'chartered banks' I desire to insert the following words: 'and to the saving banks to which the Quebec Savings Bank Act, 113, applies.' There are two specially chartered savings banks, one in Quebec

[Sir Robert Borden.]

and one in Montreal, and I desire that this arrangement shall apply also to them.

Mr. NESBITT: Would the minister say how far he proposes to extend section (e)?

Mr. WHITE: This is enabling legislation. It authorizes the Government by proclamation to declare what is known as a moratorium. A moratorium may be general or it may be limited, and for such time and such conditions as the Government may determine. At the present time there appears no necessity for a moratorium of either a general or a limited kind, and so far as I can see no such necessity is likely to occur. We are taking the legislation as a precautionary measure, so that in case of an emergency arising in which it appears to be in the public interest that a moratorium proclamation should be issued, of a limited or of a general character, the Government will be in a position to act. The legislation does not of itself have the effect of postponing the maturity of obligations, but merely gives the Government authority in the matter should occasion arise. It is not in the mind of the Government at the present time that such a proclamation is to be issued.

Mr. NESBITT: I understand that. But the reason why I asked the question is that while I can see that occasion might arise when a moratorium might be proclaimed to a limited extent, I do not think that unlimited power in such a matter should be given to any government. The Parliament of Canada is the only authority that should have such power.

Mr. GERMAN: Has this Parliament power to give the Government the authority here proposed?

Mr. WHITE: I think there is no question that within the jurisdiction of the Dominion this Parliament has such power. Of course, matters of property and civil rights, under the British North America Act, come within the jurisdiction of the provinces. But there is a wide range of Dominion jurisdiction, as for instance, bills of exchange and promissory notes, interest, the regulation of trade and commerce, banking, and the issue of paper money. What we desire to have is what, I think, almost all European nations have—legislative authority under which, should occasion arise, the Government may act. On the second reading of the Bill I will give full information as to what has been done by the British and French Governments.

Mr. MACDONALD: It is a good thing to see the Minister of Finance so optimistic and to hear him express the opinion that it will not be necessary to issue a proclamation in the terms of the Act proposed. I should be inclined to agree with him that as matters are at present, perhaps, it is not necessary to issue such a proclamation. But I apprehend that every prudent business man in this country who realizes the conditions foreshadowed for our business interests in Canada must feel that the minister should reserve to the Government the right to put this proclamation into force should conditions arise which some think are very near at hand. It is well to be optimistic, but I believe that we are on the verge of conditions in which a proclamation of that kind, limited in its nature, will be imperatively demanded. I believe this power should be given to the Government.

Mr. PUGSLEY: I regret to have to disagree with my hon. friend (Mr. Macdonald). I do not think it would be wise in this country to issue such a proclamation, nor do I think it would be wise to give the Governor in Council the power to issue such a proclamation. Conditions here are different from what they are in the old-world countries. I think it would be better to run the risk of a few people being sued than to issue a proclamation under which a great number of people would be able to set their creditors at defiance. Such a measure would disarrange our affairs and destroy credit, and I think the authority proposed should not be given to the Government by this Parliament.

Mr. A. K. MACLEAN: I presume that the Minister of Justice will be prepared to make a statement on behalf of the Government upon the subject of the extent of the jurisdiction of Parliament in relation to this proposed legislation, and the scope it is proposed this legislation shall have.

Hon. W. T. WHITE: I may say that this matter, like many other matters that have arisen since the outbreak of war, has continuously engaged the attention of myself and of the Government. I appreciate to the full the argument of my hon. friend the member for St. John as to the gravity of taking a step which would postpone the payment of obligations. Speaking for myself, and speaking also for the Government, I can say to this House that no step bringing into force a moratorium enactment, either of a general or of a limited character, would be taken unless it were made perfectly clear to the Government, who should and

would be in touch with the financial and business community, that such action was imperatively necessary and in the national interest. It is impossible to define the circumstances and conditions under which the Government would take such action, but I can conceive of conditions arising under which this Government, like the Government of Great Britain, might feel it in the public interest incumbent upon them to make a moratorium proclamation, either of a general or limited character, and for such time and subject to such terms and conditions as the Government might think proper.

I have kept in the closest possible touch with the Canadian situation. I have consulted with leading members of the financial and business community, and, to-day, according to the opinions that have been expressed to me by men whose opinions are entitled to weight in the community, there is no occasion, so far as I can judge, for the Government taking any action of the character which we are discussing. As far as the immediate future is concerned, I repeat I do not see that any such action is necessary. I am not asking for this legislation, which is general in its character, with a view of the Government immediately taking some steps under it, but I am profoundly convinced of the wisdom of having on the statute books of Canada a general legislative enactment under which the Government may, should the emergency arise, take steps that may be imperatively necessary in the financial and business interests of the community.

Mr. PUGSLEY: Does my hon. friend not think that the very fact of Parliament's giving to the Governor in Council the power to bring this law into force will disarrange credit and interfere very seriously with business conditions?

Mr. WHITE: I think not, for this reason: that the circumstances of the time are abnormal. In my Budget speech this afternoon I pointed out precisely what has taken place. I suppose among the most conservative nations in the world, if not the most conservative, is Great Britain; yet upon the occasion on which this Government took certain action, which I shall explain to the House later in connection with this same Bill, we had this condition in Great Britain. It was upon the eve of the declaration of war by Great Britain against Germany. Monday the 3rd of August had been a legal holiday. The Imperial Government declared

three additional holidays, and they proclaimed a moratorium, subsequently ratified by legislation, under which the maturity date of bills of exchange which had been accepted prior to August 4 were postponed for one month. They stood ready to suspend the Bank Act. That was the situation that existed in England by reason of the crisis that prevailed at that time. In France a moratorium—because the word 'moratorium' is applied to the proclamation itself—was brought into effect. The public mind, therefore, has been prepared for this general moratory legislation. While personally I should be the last to bring any such legislation into effect unless it was imperatively necessary in the interests of the public, at the same time I believe that this general legislation should be upon the statute books of all countries. My hon. friend has said that so far as indebtedness is concerned, it is better that debtors should be put to the inconvenience even of what might be regarded as oppressive legal procedure in a critical time; that it is better that that should be done than that legislation of this character should be put into effect, with its disturbing and deranging influences. I should be disposed to agree with my hon. friend in so far as his expression of opinion relates to what might be called ordinary contractual indebtedness throughout the country. The courts of the land are able, through the power which they have, to delay actions, and, by their control over costs, to prevent undue advantage being taken, and I assure my hon. friend that no mere pressure in connection with ordinary indebtedness would cause me to bring into effect this extraordinary legislation. The question however, is much wider than that; on the second reading I shall be glad to tell the House what was done in Great Britain and the effect it had upon Canadian acceptors of bills and upon corporations and others whose securities were payable in London.

It was very fortunate, so far as Canada was concerned, that this happened in the month of August. The moratorium proclamation in Great Britain applied, as I have stated, with certain exceptions, to bills of exchange accepted prior to the outbreak of war, and it was afterwards extended to all payments maturing under contracts, with certain minor exceptions. But it was specifically made not to apply to debts owed in Great Britain by parties, firms or corporations resident or having their chief place of business outside the British Isles. The result was that Can-

[Mr. W. T. White.]

adian and other companies and individuals who had obligations to meet in London during the month of August were not entitled to the benefit of the moratorium, and on the other hand were by the moratorium put in the position that they were unable to obtain payments which were due to them by their British debtors during the period of the moratorium. So far as parties outside of Great Britain were concerned, then, they had to pay, but the parties who owed them in Great Britain were not obliged to pay; the moratorium postponed the obligations. I may say that save as to accepted bills of exchange, financial houses of London practically ignored the moratorium, and declined to take advantage of it. By reason of a splendid stroke on the part of the Imperial Government, whereby they guaranteed the Bank of England on discounts of all acceptances prior to the outbreak of war on August 4, the situation has been very much eased, and at the present time there is comparatively little inconvenience from the moratorium so far as Canadian interests are concerned.

Mr. PUGSLEY: How long does it last?

Mr. WHITE: Until September 4, one month from August 4.

Mr. PUGSLEY: Then it ceases?

Mr. WHITE: Unless it is further extended. The effect of the moratorium was to postpone for one month the maturities of bills of exchange which had been accepted prior to August 4. But British financial interests practically ignored the moratorium except in so far as it affected acceptances, and the action of the Government has greatly relieved the situation. I made the most careful inquiries through the office of the acting High Commissioner as to the effect the moratorium would have upon the obligation of Canadian companies to provide interest, sinking fund and principal payments during August. August, fortunately, is what we call an off month financially. Very few interest or sinking fund payments fall due in August, and principal payments usually mature on July 1 or January 1. In another thing Canada was fortunate. Canada is a drawing nation, and Great Britain is an accepting nation. Many of our financial institutions had accepted bills of exchange in the usual course which had gone forward from Canada or New York. The effect of the moratorium was to postpone those payments which fell due prior to August 4 for one month. Under the law and on the authority of a decided case

which arose out of the war of 1870, the postponement of the obligation of the acceptor automatically extends that of the drawer and the endorser. Therefore the moratorium, which was first put into effect in Great Britain, resulted not only in postponing the date of payment of the bill for the benefit of the acceptor, but also extended similarly the liability of drawers and endorsers. The matter was dealt with specially also by a subsequent proclamation on the part of the British Government.

Now the situation is rapidly becoming normal, and it would appear to me unlikely that after September 4 the British moratorium will be continued in effect. That, of course, is a more or less enlightened guess. We cannot tell; and I am strongly of the view that, while a government should be reluctant in the extreme to bring into effect even to a limited extent a moratory law, and should only do so upon the clearest possible evidence that it is required in the interest of the financial and business community and after consultation with the leaders of the financial and business world, still I am firmly of the opinion that such a general law ought to be on our statute books in order that it may be availed of in case of necessity.

Mr. NESBITT: My inquiry was made with a view to finding out whether the minister intended the moratorium to apply to ordinary trade bills. I am much obliged to the hon. gentleman for his very explicit explanation. At the same time, apparently he intends to make it unlimited. He says the courts now have power to govern to a certain extent the payment of ordinary debts, but this would overcome anything that the courts might do so far as the Dominion Government have power. I do not think the Government ought to have power to stay ordinary trade bills being paid, up to a certain amount anyway. I can quite appreciate that the Government should have power to pass this legislation in case other countries pass it, and I think it should be done, but to interfere with ordinary commercial transactions and allow—we may as well speak openly—dishonest people to take advantage on payments they should make and could make, is something that should not be done except with the whole voice of Parliament. That, of course, the English people were able to do as Parliament was sitting there. I think it was perfectly safe for the Governor in Council to have a limited liability in this matter with reference to international

affairs and very large affairs; but further than that I do not think it should be extended.

Mr. GERMAN: As I understand the British North America Act, all matters of civil rights are referred to the provinces and the collections of debts are matters of civil rights. Does the Finance Minister propose that this Parliament has a legal right, to give to him authority to postpone the payment of a debt say by a company incorporated by Dominion charter if the indebtedness is due and owing in any one of the provinces in the Dominion of Canada? For instance, a mercantile corporation incorporated by Dominion charter is indebted in large sums of money in one or more provinces of the Dominion of Canada. Does my hon. friend contend that the passing of this Act would authorize the postponement of the payment of those indebtednesses and prevent the creditors in one province or other collecting those debts against the company incorporated by the Dominion charter?

Mr. WHITE: If my hon. friend will look at subsection (e) he will see that the authority that we are asking is only that which may be conferred by the Parliament of Canada acting within its jurisdiction. Questions of simple debt or contract would appear to be within the jurisdiction of the several provinces as coming within the subject of property and civil rights. But, on the other hand, there is undoubtedly a very wide jurisdiction within which the Dominion could act if, as I have said, it should be imperatively necessary. For example, the Dominion has the large field of bills of exchange and promissory notes, banking and interest. How far that would clash with provincial jurisdiction in the matter of the payment of interest I do not for the moment express an opinion because I have not reached a conclusion on it. The Dominion has authority of a wide-reaching character under the clause of the British North America Act which gives its jurisdiction over the regulation of trade and commerce and bankruptcy and insolvency. How far the courts of the land would authorize the Dominion of Canada to go under the jurisdiction thus conferred upon it by the British North America Act I am, of course, unable to express an opinion. They might go pretty far. I think it clear that simple debts and contracts would come within provincial jurisdiction.

The question does not arise of course with

respect to the legislation of Great Britain for the reason that Parliament there has legislative authority over every subject, and there is no division of jurisdiction as there is here. I do not believe that my hon. friend and I see this matter in very different lights. If he has it in mind that it would be my view that the Dominion can pass a law under which indebtedness of every kind whatsoever throughout the Dominion could be postponed, I would say to him at once that the Dominion in my opinion has no such jurisdiction. We are discussing a legal question which is fairly clear in some of its aspects, but which in other aspects presents difficulties, whose solution would depend upon judicial decision.

Mr. DEVLIN: Have the law officers of the Crown advised whether such a moratorium would affect deposits in banks?

Mr. WHITE: I have not asked the law officers of the Crown specifically as to that matter, nor have I considered whether the proclamation might apply to that or not. As a matter of fact I think that general legislation should be had and once it is adopted the Dominion Government could in any emergency that might arise act after taking the advice of its legal officers as to the legality of its action.

Mr. W. F. MACLEAN: In regard to sub-clause (a) I would like to ask whether the minister takes control of the rate of interest the banks may charge to customers?

Mr. WHITE: When I made this arrangement I took up with the banks through the chairman of the Bankers Association the question of interest, and I requested of the banks—and I must say they have met me in the fairest spirit—that during this period their rate of interest should not be increased, and that they would meet the situation reasonably and fairly giving such extensions of credit as might be possible and consistent with sound banking, and generally cooperate in meeting the situation that has arisen. The banks are desirous of doing everything they can to assist the Government in the conditions which now prevail owing to the outbreak of war.

Mr. PUGSLEY: No doubt the week or two following immediately upon the outbreak of war will have been the worst period so far as financial operations are concerned, no matter how long the war may last. In England they have adopted a moratorium. Having got over the crisis so far as financial operations are

[M. W. T. White.]

concerned, why should we enact legislation, our power to enact which is exceedingly doubtful, which may have the result of disturbing the credit of the people of this country. Take our trade with the United States for instance. The people of Canada buy in the neighbourhood of four or five hundred million dollars worth of goods a year from the United States, and they must necessarily get credit from the people of the United States. Now, what is going to be the effect when it is published in the United States that conditions are such in Canada that this Government has thought it necessary at a special session of Parliament to ask authority to proclaim a moratorium which will relieve for such a period as the Government determine debtors from the obligation to pay their debts? It is going to interfere most seriously with the credit of the people of this country. How is the public going to know when and how you are going to exercise that power? How are they going to know what class of debts will be affected, and in what mode you are going to exercise that power when in operation, or for how long it is going to exist? I say that unless the minister can tell us to-day, after the war has been in operation for some three weeks, that there is in his opinion a necessity for issuing this proclamation and bringing a moratorium into force he ought not to ask Parliament to entrust him with the power to issue such a proclamation.

Mr. WHITE: In answer I can simply say that in Great Britain they have introduced such a law as we are introducing here.

Mr. PUGSLEY: Was not the proclamation in England issued by virtue of an old statute?

Mr. WHITE: They introduced a Bill which went through the House at once.

Mr. PUGSLEY: Only referring to the banks.

Mr. WHITE: Oh, no, a general moratorium. Our Bill is founded upon the English Bill. We can discuss this more fully on the second reading. I say in all frankness it is not in my mind that any moratory proclamation is necessary, but it is my opinion that we should have this enabling legislation upon the statute-book of Canada just as it is on the statute-book of the United Kingdom.

Resolution reported and concurred in.

Mr. WHITE thereupon moved for leave to introduce Bill No. 4, to conserve the commercial and financial interests of Canada.

Motion agreed to, and Bill read the first time.

DOMINION NOTES BILL.

On motion of Hon. W. T. White (Minister of Finance), the House went into committee to consider the following proposed resolution, Mr. Blondin in the Chair:

1. Resolved, that it is expedient to increase the power of issue of Dominion notes by providing that the Minister of Finance shall hold gold—

(a) to the amount of twenty-five per cent of the Dominion notes issued up to a total issue of fifty million dollars (instead of up to a total issue of thirty million dollars as heretofore);

(b) as respects Dominion notes issued in excess of fifty million dollars, equal to such excess.

2. Further resolved, that Assistant Receivers Generals' offices be established at Regina and Calgary.

Resolution reported and concurred in.

Mr. WHITE thereupon moved for leave to introduce Bill No. 5, respecting Dominion notes.

Motion agreed to, and Bill read the first time.

Sir ROBERT BORDEN: I suppose it would be better to postpone the second reading of the Bills until to-morrow?

Sir WILFRID LAURIER: Very well.

On motion of Sir Robert Borden, the House adjourned at 6.07 p.m.

Friday, August 21, 1914.

The House met at Three o'clock, the Speaker in the Chair.

WAR MEASURES BILL.

Hon. C. J. DOHERTY (Minister of Justice): I beg to lay on the table the report of the Special Committee appointed to consider Bill No. 2, to confer certain powers upon the Governor in Council, and to amend the Immigration Act. I beg to move that Bill No. 2 be placed on the Order Paper for consideration in Committee of the Whole this day.

Mr. GRAHAM: Does the hon. gentleman desire to proceed with the Bill to-day?

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Mr. DOHERTY: We hope to be able to proceed with the Bill to-day. The committee has reported the Bill with certain amendments.

Motion agreed to.

THE EUROPEAN WAR.

PAPERS PRESENTED.

Hon. J. D. HAZEN laid on the table copies of Orders in Council relating to the organization of a Naval Volunteer Force, as follows:

No. P.C. 1978, dated 1st August, 1914—discipline of the Naval Volunteer Force.

No. P.C. 1979, dated 1st August, 1914—daily rate of pay.

No. P.C. 2049, dated 4th August, 1914—placing of H.M.C. ships Rainbow and Niobe, with their officers and men, at the disposal of His Majesty.

No. P.C. 2050, dated 4th August, 1914—placing of Naval Forces and Naval Volunteer Forces on active service.

No. P.C. 2072, dated 7th August, 1914—H.M.C. submarines placed at the disposal of His Majesty.

Mr. HAZEN also laid on the table:

Amendment to Radiotelegraph Regulations, under section 11 of the Radiotelegraph Act, Statutes 1913, chapter 43.

ABOLITION OF CAPITAL PUNISHMENT.

Mr. R. BICKERDIKE (Montreal, St. Lawrence) moved for leave to introduce Bill No. 6, to amend the Criminal Code.

Motion agreed to, and Bill read the first time.

CANADIAN PATRIOTIC FUND.

Hon. ROBERT ROGERS (Minister of Public Works) moved for leave to introduce Bill No. 7, to incorporate the Canadian Patriotic Fund.

Motion agreed to, and Bill read the first time.

Mr. ROGERS: With the consent of the House I beg to move that this Bill be now read the second time.

Sir WILFRID LAURIER: We have not yet had an opportunity of reading the Bill.

Mr. ROGERS: The object of the Bill is to incorporate the Canadian Patriotic Fund for the purpose of collecting, administering and distributing funds for the assistance in case of need of the wives, children and dependent relatives of officers and men who during the

present war may be on active service with the naval and military forces of the British Empire and Great Britain's allies.

Sir WILFRID LAURIER: This is the first we have heard of this Bill, and one would like to see what is in it, and how the powers are to be constituted.

Mr. ROGERS: If my right hon. friend has any objection, we shall be glad to let the matter stand.

Motion stands.

PROPOSED FURTHER RECRUITING.

On the Orders of the Day being called:

Mr. GERMAN: I would like to call the attention of the Government to the fact that there is rather a widespread feeling in the country among a certain class of men who are militarily disposed to know what is likely to happen in regard to the recruiting and mobilization of volunteers after the contingent that is now being mobilized at Valcartier has been sent forward to Europe. I would respectfully request the right hon. the Prime Minister to give us some information as to whether or not the Government intends to continue recruiting and mobilizing men who may choose to enlist for war purposes, either abroad or at home.

Sir ROBERT BORDEN: There has not been any determination, so far as recruiting for further service abroad is concerned. Any question such as my hon. friend suggests will have to be considered and determined in accordance with events which none of us can predict. So far as the defence of Canada is concerned, the active militia will be called out from time to time to the extent that may seem necessary.

PROVISION FOR FAMILIES OF VOLUNTEERS.

On the Orders of the Day being called:

Sir WILFRID LAURIER: I understood the other day from my right hon. friend that provision would be made for the families of those who are going to the front. So far no legislation with that end in view has been brought down, unless it is the legislation to be embodied in the Bill of my hon. friend the Minister of Public Works. Is there any other provision to be introduced?

Sir ROBERT BORDEN: The matter to which my right hon. friend alludes has engaged the attention of the Government to some extent. In the first place, there is

[Mr. Rogers.]

a patriotic movement, of which the right hon. gentleman is aware, and the Bill which has been introduced to-day by the Minister of Public Works is intended to arrange for the systematic organization of that movement.

Sir WILFRID LAURIER: In addition to private subscriptions to this fund, is it the intention of the Government to make any appropriation?

Sir ROBERT BORDEN: We shall supplement that to any extent that may be necessary. We have not brought down any measure for the purpose up to the present time, and we are not absolutely sure that we shall bring it down this session. But it is the intention of the Government to supplement private effort in that regard, which we do not think it desirable to discourage in any way, to such extent as may be necessary to make provision for the families and dependents of those who go to the front to fight for their country in this crisis.

Sir WILFRID LAURIER: Either this session or next session?

Sir ROBERT BORDEN: Yes. It may be that we shall be able to deal with the matter this session. But my right hon. friend will understand that many matters have been pressing upon us.

Sir WILFRID LAURIER: Yes.

Sir ROBERT BORDEN: This is not a matter that must necessarily be dealt with this session, but we would like to deal with it now if we can.

CANADA'S GIFT OF FLOUR TO BRITAIN.

On the Orders of the Day being called:

Mr. SCHAFFNER: A statement was made in one of the city newspapers yesterday and has been copied in other papers which I would like the Government either to confirm or deny. That statement was to the effect that the million bags of flour purchased by Canada for the purpose of being sent to Great Britain were purchased in the United States.

Mr. ROGERS: The purchase of one million bags of flour was made from large milling companies in Canada; the Ogilvie Milling Company, the Western Canada, the Maple Leaf, and the Western Flour Mills. It was distinctly understood with these millers that the flour to be delivered under the contract was to be made entirely of Canadian wheat, and I am satisfied that

these millers are carrying out their contract. I have never heard anything to the contrary except rumours which have been published in the press, but which are entirely incorrect.

Sir WILFRED LAURIER: On the same subject, I saw another statement a few days ago that the sacks for the flour were bought in the United States.

Mr. ROGERS: I may say that the sacks were purchased in the city of Montreal.

ENLISTMENT AT PRINCE RUPERT.

On the Orders of the Day being called:

Mr. PARDEE: I desire to draw the attention of the Government to a telegram I have received:

Prince Rupert, Aug. 19, 1914.

August 6th Stork was wired by Ottawa to enlist men for front. Enlisted hundred. On tenth August received wire from D.O.C., Victoria, that Ottawa instructions were error. Nothing done since. Men who enlisted disgusted; others ready can't go; hundred and sixty Irish Fusiliers from Vancouver arrived Sunday to protect us; situation galling to all independent citizens.—G. Manson.

I desire to ask the Government for a statement with regard to this report.

Sir ROBERT BORDEN: I am not familiar with the details of the matter to which the hon. gentleman alludes. I will bring his inquiry to the attention of the Minister of Militia, and hope to have an answer to-morrow.

WAR MEASURES BILL.

On motion of Hon. C. J. Doherty (Minister of Justice), the House went into Committee to consider Bill No. 2, to confer certain powers upon the Government in Council and to amend the Immigration Act, Mr. Blondin in the Chair.

On the preamble:

Mr. MACDONALD: I would like to know whether this Bill contains power to deal with certain matters which some business men in the country have been discussing, namely, the position of patents held in Canada by citizens of Germany, Austria or any other country with which Great Britain may be at war. It has been stated that some action was taken or was about to be taken in Great Britain in regard to that matter. I assume that pending hostilities royalties could not be collected upon these patents, but the Bill has gone through so quickly that I have not been able to

follow it and ascertain whether power is conferred on the Government to deal with these patents if in the interest of the country or for reasons of reprisal or otherwise it should be prudent to do so.

Sir ROBERT BORDEN: It is thought that all necessary powers are covered by the Bill. As I understand the situation, on the outbreak of war rights of the character to which the hon. gentleman alludes and many others are suspended, but according to international usage they revive on peace being concluded. As to possible action by any foreign power with which we are at war, that also is dealt with. It is thought that sufficient powers are conferred under the terms of the Bill.

Bill reported, read the third time, and passed.

COMMERCIAL AND FINANCIAL INTERESTS BILL.

On motion of Sir Robert Borden, Bill No. 4, to conserve the commercial and financial interests of Canada—Hon. W. T. White (Minister of Finance)—was read the second time, and the House went into committee thereon, Mr. Blondin in the Chair.

On the preamble:

Mr. GRAHAM: I should like to call the attention of the Government to a matter which possibly it might be well to consider at the present time in connection with the financial situation. Certain companies dealing with the public are under strict Government supervision and inspection. Once a year the securities in which these companies invest—and they invest practically all their money in securities—are valued by the Finance Department, and the value given approximates at least the value on that day in the open exchange. For instance, a municipal bond or debenture held by a company, for which 100 per cent has been paid, though it is really good and its intrinsic value cannot be changed, is given a value which is the value at which the bond could be sold on that day.

I need not explain that if a valuation of that kind were made, under present conditions, the assets of a great many of these companies would be interfered with materially. Possibly the department has full power now to take into consideration all the exceptional circumstances and place on these securities a value which they have had and will have as soon as the trying circumstances under which we are placed have passed. If not, I think it would be

wise for the Government to consider the advisability of taking power under this Bill or some other to enable the department to deal with that matter, because if they are bound to take to-day's values when they make the valuation it is plain that great havoc will be worked and great injustice done without conferring protection on any person.

Sir ROBERT BORDEN: The point raised by my hon. friend is important. I cannot say at the moment whether or not it has engaged the attention of the Minister of Finance. I shall take an immediate opportunity of bringing it to his attention. I entirely agree in the suggestion that some steps should be taken to prevent a false impression being created by reason of the extraordinary conditions in which we are now placed.

Sir WILFRID LAURIER: As I understand the drafting of this Bill, it is a permanent statute, not a temporary statute. I did not think that was the intention.

Sir ROBERT BORDEN: Section 4, which is the important section, provides:

In case of war, invasion, riot or insurrection, real or apprehended, and in case of any real or apprehended financial crisis, the Governor in Council may, by proclamation published in the Canada Gazette,—

Sir WILFRID LAURIER: Then, if there should be a war next year this law would apply?

Sir ROBERT BORDEN: Yes.

Sir WILFRID LAURIER: I thought the intention of the Bill was to have it temporary, simply for this war and not for any other war that may arise in the future. We have had no war for one hundred years in which we have had to take a part, and I hope it will be another hundred years before we have another. I did not understand that it was intended to keep this law upon the statute-book.

Sir ROBERT BORDEN: We shall let the Bill stand in the committee until a later hour. I would move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

WAR APPROPRIATION (\$50,000,000) BILL.

On motion of Sir Robert Borden, Bill No. 3, for granting to His Majesty aid for military and naval defence, was read the second time and the House went into committee thereon, Mr. Blondin in the Chair.

[Mr. Graham.]

On section 2—payment of \$50,000,000 may be made:

Sir ROBERT BORDEN: As has already been explained, by the Order in Council which has been brought down, the proposal is, in the first place, to make provision for such portion of the active militia of Canada as may be called out for the actual defence of our own shores, both on the Atlantic and the Pacific, and elsewhere in Canada, wherever there may be apprehension of invasion or attack of any kind during the progress of the present war. In the next place, it is proposed, in accordance with arrangements which are set forth in the Order in Council brought down, that a division, comprising about 22,318 men, shall be provided by voluntary enlistment, for the purpose of aiding and co-operating with the troops of His Majesty in the field of operations. The Order in Council states certain particulars with regard to the force, and I have other details under my hand which I shall give to the committee if desired. The actual cost of equipping a force and maintaining it for the period of one year, that is, the total cost of equipment, pay and maintenance, is estimated at about \$1,000 per man. I have the details of the equipment required and I am ready to give such further information as the committee may desire, so far as I have it available.

Sir WILFRID LAURIER: This provision of \$50,000,000 is distributed under four heads:

- (a) the defence and security of Canada;
- (b) the conduct of naval and military operations in or beyond Canada;
- (c) promoting the continuance of trade, industry and business communications whether by means of insurance or indemnity against war risk or otherwise; and
- (d) the carrying out of any measures deemed necessary or advisable by the Governor in Council in consequence of the existence of a state of war.

I think it advisable that we should take up each of these heads and have it explained somewhat in detail. First of all, the defence and security of Canada. This comprises the equipment and maintenance of the Niobe, the Rainbow and such other ships as we have. That would come under the Department of Naval Affairs. It comprises also the purchase of the two submarines which we were told of the other day and their equipment. I do not know whether these two items include all that is intended to be expended under this head. If more is to be expended we would like to know the amount which is to be appro-

priated out of the \$50,000,000 for that purpose.

Sir ROBERT BORDEN: The Minister of Naval Affairs has informed us that he is contemplating a possible expenditure of \$6,000,000, but he does not anticipate that it will exceed \$4,000,000. That is exclusive of the submarines, which were purchased at a cost of \$1,150,000. That is really about all I can say with regard to the part which concerns the Naval Service. As far as the military part is concerned, the explanation I have is as follows:

Mobilization and Canadian Overseas Contingent.	
Required to March 31, 1915:	
Pay of 25,000 men for 7 months	\$6,100,000
Rations for 25,000 men for 7 months at 40 cents	2,100,000
5,000 horses at \$200	1,000,000
Forage for 7 months at 60 cents . .	600,000
Subsistence of troops prior to arriving at Quebec	275,000
Transport of men, horses, guns and equipment to Quebec	450,000
Ocean transport	1,000,000
Transport abroad	300,000
Return transport to Canada	1,450,000
	\$13,275,000
Add:	
Engineer services at Halifax, Quebec and elsewhere	500,000
Equipment	2,400,000
Clothing	3,300,000
Dominion Arsenal—ammunition	660,000
Censorship—7 months	150,000
Pay, etc., of detachments of troops on guard at various places in Canada	2,000,000
Movements of troops, ammunition, etc., to various places in Canada	100,000
For additional troops and unforeseen expenses	7,615,000
	\$30,000,000

The pay and rations have been estimated for seven months, but it is not very probable that the troops will return within that time. The censor staff, which is under the Department of Militia and Defence, comprises a very considerable number of men who are required for the purpose of maintaining an effective check upon the telegraphs and the various cable stations on the Atlantic and Pacific coasts, and also on the wireless stations. In regard to the

item of \$100,000 for movements of troops, ammunition, etc., I may say that we have been required from time to time to move troops and guns very suddenly, so an estimate has been included for that purpose.

Mr. PUGSLEY: Are the million bags of flour which are to be sent to England to be paid for out of this vote?

Sir ROBERT BORDEN: The Minister of Finance is of the opinion that that might be done.

Mr. PUGSLEY: No other vote is to be taken for that?

Sir ROBERT BORDEN: We have not contemplated any other vote, but if the House thinks it necessary, it could be considered.

Mr. PUGSLEY: I have a very strong feeling that this Government could not do better in the interests of Canada, or anything which would be more appreciated by the people of this country, than to make a similar contribution to the Kingdom of Belgium. The people of Belgium have been fighting the battles of the empire and the battles of Canada, and have displayed heroism which has never been surpassed in history. For many days they have held back the whole German army while the allies were preparing for a great and, as we trust, a successful defence. We are sending a million bags of flour to England, and we propose to do something for France in the way of establishing a hospital, and I think the Government ought certainly to consider some recognition of the heroism shown by the Belgian troops. I do not think we should confine our recognition of services to Great Britain and France, and I make that suggestion for the consideration of the Government.

While upon my feet, I would like to ask the Minister of Marine and Fisheries one or two questions with regard to the submarines that have been purchased. At what shipyards were these submarines built and equipped, and what was the cost of their construction?

Mr. HAZEN: The submarines referred to were purchased at Seattle. They were originally built for the Government of Chili, but for certain reasons were not delivered to the Chilean Government. The amount paid was \$1,150,000, and before purchasing we had the advice of the Admiralty as to the desirability of doing so.

Mr. PUGSLEY: What are the names of the boats?

Mr. HAZEN: They were not named when we bought them.

Mr. PUGSLEY: The reason I ask is because I see in the Naval Annual that only two submarines were being built for the Chilean Government last year, and these were being built at the Electric Torpedo Shipyards. I saw a newspaper statement that these two submarines were built at those yards, but my hon. friend is sure that they were built at Seattle?

Sir ROBERT BORDEN: They may have been built in New York and taken to Seattle.

Mr. AMES: I was in Seattle the day they were purchased. The submarines were primarily assembled in New York, and the parts were afterwards sent to Seattle and put together there.

Mr. PUGSLEY: Then the statement in the Naval Annual is correct, that they were built at the Electric Torpedo Shipyards, which, I may say, are closely connected with the Fore River Shipyards, of which my hon. friend has heard. I am glad to tell my hon. friend that notwithstanding the alleged bankruptcy of that company they have recently turned out for the United States Government perhaps the largest battleship afloat. I am glad to observe that the Government has transferred these submarines to the British Admiralty. They are now under the control of the Royal Navy, are they not?

Mr. HAZEN: At the disposal of His Majesty.

Mr. PUGSLEY: I am very glad to see that that was done under the sections of the Naval Service Act. I would like to ask my hon. friend further with reference to the Order in Council dated August 4, which I will read:

The Committee of the Privy Council have had before them a report, dated August 4, 1914, from the Minister of the Naval Service, submitting that section 23, of the Naval Service Act, chapter 43 of the statutes of 1910 provides that:

23. In case of an emergency the Governor in Council may place at the disposal of His Majesty, for general service in the Royal navy, the Naval Service or any part thereof, any ships or vessels of the Naval Service, and the officers and seamen serving in such ships or vessels, or any officers or seamen belonging to the Naval Service.

An emergency having arisen, the minister recommends that H.M.C.S. Niobe and [Mr. Hazen.]

H.M.C.S. Rainbow, together with the officers and seamen serving in such vessels, be placed at the disposal of His Majesty for general service in the Royal navy.

The committee concur in the foregoing recommendation and submit the same for approval.

Rodolphe Boudreau,
Clerk of the Privy Council.

Has the Admiralty accepted the offer of these two ships for service in the Royal navy?

Mr. HAZEN: The Admiralty has accepted the offer made by Canada.

Mr. PUGSLEY: What is the result of that? Does the British Admiralty take charge and pay for the equipment and maintenance, or does Canada continue to maintain and man the ships and pay for the equipment and manning.

Mr. HAZEN: We are continuing to pay for the equipment and manning.

Mr. PUGSLEY: I observe from the newspapers that although the Niobe has been transferred to the Royal navy she is not yet fully in commission. What is the reason for the delay?

Mr. HAZEN: The Niobe is, of course, in a sense in commission, but she will not be ready to sail until the 1st of September. At the request of the British Government, the men on the Niobe were sent out to British Columbia to go on board the Rainbow for the purpose of cruising in the Behring sea; but when the war broke out that was changed and the Rainbow was put into service for the protection of British shipping on the Pacific coast. The Niobe is being manned with ex-naval service men in Canada, many of whom have already reported for service, and by the crews of the Algerine and Shearwater. These vessels are being laid up by the British Government at Esquimalt, and the crews are being sent across the continent to Halifax to help to man the Niobe. My information is that the Niobe will be ready to sail on the 1st September.

Mr. PUGSLEY: It was stated by the St. John Globe, which usually has authoritative despatches from Ottawa as to what the Government is doing, that considerable delay was occasioned by the cleaning out of the boilers of the Niobe, or the removal of the solid material which had been placed in the tubes to prevent them from rusting. I would like to ask my hon. friend if he has any information as to whether the guns were removed from the Niobe several months ago?

Mr. HAZEN: The guns were not removed from the Niobe. There had to be certain work done in the way of repairing the vessel for sea and making preparations for war, which included to a certain extent attending to the boilers and other parts of the machinery. That work is being done.

Mr. PUGSLEY: How long has that work been going on?

Mr. HAZEN: About ten days or two weeks.

Mr. LEMIEUX: We were speaking a moment ago of the various contributions which had been made by the present Government. In that connection may I be permitted to say that I have received a letter from the Prime Minister of Quebec stating that he has offered the Imperial authorities 4,000,000 lbs. of Canadian cheese as a contribution from the province of Quebec. I heartily concur in what has been said by my hon. friend from St. John about Belgium. If the Government thinks it better to do something in the same way as was done for France, might I offer a suggestion? One of our colleagues, the hon. member for Beauce (Mr. Beland), happens to be in the war zone at the present time, and I was informed last night by a member of this House, who is just back from Europe, that he met Dr. Beland the day after the declaration of hostilities took place. Dr. Beland very loyally offered to devote his services, for medical and hospital purposes during the whole time of the war, to the Belgian authorities. If the Government, instead of offering cheese, or oats, or other commodities, thought it better to offer beds for hospitals, as they did, and quite properly so, to the French authorities, might I suggest to my right hon. friend and to the Belgian consul here, that it might be well to give Dr. Beland the direction of that service on the other side of the water? I need not say that Dr. Beland is one of the most distinguished members of the profession, both as a doctor and a surgeon, and that he would be a credit to Canada if he were entrusted with the direction of that hospital service in Belgium.

Sir ROBERT BORDEN: I appreciate what has been said by my hon. friend from St. John (Mr. Pugsley) in regard to the wonderful gallantry that the Belgians have displayed in defending their country and the remarkable resistance they have offered to the invading army. The Government will be glad to take into consideration what has been suggested, but, on the other hand, it must be remembered that we have entered

into a very great war for the purpose of preserving Belgian neutrality and independence, and, as far as the press reports indicate, a very large force has been sent to Belgium for the purpose of protecting that country. Whether, under the circumstances, it would be incumbent upon us to make the same offer to Belgium that we did to France may be a matter for consideration. I do not desire to offer any definite opinion upon the suggestion at the present time.

Mr. A. K. MACLEAN: I would like to ask my hon. friend the Minister of Militia and Defence upon what system he proposes making the purchases of war materials and supplies with the money that is being voted by this Bill. Has he any general plan for doing it, and if so would he give it in a general way to the House?

Mr. SAM. HUGHES: As far as the purchase of supplies is concerned, opportunity has been given to every manufacturer in the Dominion of Canada, irrespective of politics, race, or nationality, or anything of the kind, to furnish them. The name of every gentleman that is sent in from each community, together with the commodities that he can supply, is entered in a list by the Director of Contracts, who has charge of the matter. As far as the purchase of trucks and wagons is concerned, I have secured the services of Mr. Russell, of the Russell Motor Car Company, Toronto, who is looking into that, and I understand that he is distributing his purchases practically from the Atlantic to the Pacific, buying wherever he can get these articles. In the early stages tenders were called for under the ordinary contract forms, but even the supplying of articles that we already had under contract is being distributed, and I do not think there is any ground for complaint in regard to the distribution that has been made.

Mr. A. K. MACLEAN: What is the system with regard to forage and food supplies?

Mr. SAM. HUGHES: We have asked for forage all over the country. I am asking every member of Parliament and every buyer to send in the names of persons who can supply forage. We are sending out instructions to communicate the names of persons who have horses to sell to General Benson.

Mr. A. K. MACLEAN: The phraseology of section 2 follows the resolution passed by the British House of Commons in con-

nection with the credit vote, and I suppose that, when incorporated in a Bill, the language will be much the same. Could the Government apply a portion of the vote proposed by this Bill for, say, charitable purposes to relieve distress during the coming months if they saw fit?

Sir ROBERT BORDEN: I would think we could do that under subsection (d). We have purposely made this as broad as possible because one cannot foresee all contingencies.

Mr. MACDONALD: I would ask the Minister of Militia to make a statement of authoritative character in regard to the destination of the troops who are now gathering at Valcartier. There seems to be in some portions of Canada some misunderstanding as to the nature of that gathering. It has been stated that the first 20,000 men are to go direct to Belgium, to enter immediately into active service, and that my hon. friend has so communicated to the War Office. I do not want to get any information which might in any way conflict with the very proper secrecy of military operations, but from the standpoint of volunteering, and from that of those who are interested in the volunteers who are offering their services, I think the minister ought, so far as he possibly can, to take the House and the country into his confidence, so that we would know exactly what the position is in regard to these men who are volunteering to go to the war.

Mr. SAM HUGHES: The hon. gentleman will observe by the Order in Council and by the reports from the other side, which I believe have been laid before the House, and published, that the British authorities have accepted the offer of assistance.

When we asked what the nature of that assistance should be, they stated they would like a division. We are simply preparing to send a division forward. We have nothing whatever to say as to the destination of the troops once they cross the water, nor have we been informed as to what their destination may be. A great many troops will always be required, not in the immediate fighting line but leading up to it, and I presume that in due time our boys will take their turn with the rest of them. We have no information on the subject whatever.

Mr. MACDONALD: I assume that the division which is being sent will comprise about 20,000 men. Does the minister intend to mobilize any additional force at Valcar-

[Mr. A. K. Maclean.]

tier or at any other place in Canada, by way of preparation? A large number of men have already volunteered; and I have no doubt that as the war goes on many more will volunteer. Does the Government intend to prepare for the training of these men in any definite way, so that, if their services are required, they will be all the better trained for utilization?

Sir ROBERT BORDEN: I answered a few moments ago practically the question which my hon. friend has addressed to the Government, when I said that, in addition to the force that is to be sent overseas, there would be a certain number of the active militia on active service for the defence of Canada at Atlantic, Pacific and other points, but that beyond that we would not go at the present time, and that our course in the future with regard to the subject which my hon. friend has brought up would have to be determined by contingencies which we cannot foresee at present.

Mr. MACDONALD: Would the minister say what special use is being made of the permanent force at Halifax and other points? Are the officers of the permanent force to be sent on this contingent, or is it to be confined entirely to volunteers?

Sir ROBERT BORDEN: I would like my hon. friend not to press that question just at present. There are some confidential communications which are not ready to be made public at the moment, and which make it undesirable for me to say anything on that subject at the present time. Did my hon. friend inquire as to the disposition of the officers?

Mr. MACDONALD: What I was asking more particularly was whether the force to be sent over was to be selected, so far as the officers and men were concerned, wholly from the volunteers, or whether any of the officers attached to the permanent force were to be attached to the force that is being sent.

Sir ROBERT BORDEN: One regiment of cavalry and two batteries of horse artillery are to go from the permanent force.

Mr. MACDONALD: Has anything been done in the way of providing an engineering corps? The minister has doubtless had offers of service from engineers. Has anything been done by which their services can be utilized?

Mr. SAM. HUGHES: An engineering corps is going and we are utilizing a num-

ber of the permanent corps as instructors. We are sifting out the best engineers we can find in this way to form an engineering corps. In addition to that, the Canadian General Electric Company of Toronto, under the direction of Mr. Nicholls, has offered twenty-five men, not for service abroad, but for service in Canada. Sir John Jackson has offered his entire engineering staff to the service of the Government. In fact, offers of service are coming in splendidly from every part of the country.

Mr. MACDONALD: Under subsection 'c,' under which this money vote is to be utilized by the Government for 'promoting the continuance of trade, industry and business communications, whether by means of insurance or indemnity against war risk or otherwise,' I would like to call the attention of the Minister of Railways, if he were here, to a situation which exists in connection with the coal trade at Halifax. Every hon. gentleman was pleased to hear of the offer made by the province of Nova Scotia to furnish 100,000 tons of coal for the use of the British Government. As the war goes on, the port of Halifax will naturally be one to which vessels flying the British flag will resort for coaling purposes to a greater degree than perhaps ever before. At the present time the Intercolonial railway has no facilities whatever at the port of Halifax for delivering at the wharfs, or in any way in which it can be transported to vessels, naval or otherwise, the coal which would come over the Intercolonial railway. In the past, the bunker coal trade of the port has been handled by the vessels which communicate with the coal mines of Cape Breton. It is desirable and absolutely necessary that the Intercolonial railway should be put in a position to handle coal from the mainland collieries, and I understand that the attention of some of the members of the Government has been called to the situation. I am speaking on behalf of the people of my own constituency and that of Cumberland, who would like to be put in a position to deliver at the port of Halifax coal from their mines. At the present time, on account of lack of facilities on the Intercolonial, they cannot do so. I am informed that the defect could be obviated, at no very great expense, by the building of a siding into the dockyard, and also that the matter was submitted to the Imperial authorities some years ago with a plan providing for such a siding. It may seem a small matter, but we are looking ahead to the welfare of our province, and when we

consider the position which Halifax will occupy as a shipping port, especially during the winter months, we should take steps to have an ample supply of coal for all purposes at that port. I notice that the Minister of Railways is not in his place; but I would ask the Prime Minister to call his attention to this matter, because it is a suggestion which I am offering solely in the best interests of the country in the present situation.

What has been settled in regard to the pay of the troops who have volunteered for service abroad? A question arose in the South African war as to the difference in pay.

Sir ROBERT BORDEN: I understand that it is to be the same as if the men were on active service in Canada.

I appreciate the importance of the observations made by my hon. friend. Personally I am not in a position to speak with accuracy as to the facilities which exist at Halifax at the present time. It is possible that the Minister of Railways may already have had this under consideration, as I know he had the general manager of the Intercolonial here a few days ago to confer with him about some matters of importance. I have no doubt that that matter was taken up if it had been previously brought to his attention. I shall be very glad to direct his attention to my hon. friend's observations.

Mr. PUGSLEY: I would like to know why it is that, while the country furnishes uniforms for the men, the officers all have to buy their own uniforms.

Mr. SAM. HUGHES: We are giving them a grant of \$140.

Mr. PUGSLEY: I suppose that is because they are going to the front; but, speaking ordinarily, why is it that young men, who are willing when the necessity arises to go to the front and sacrifice their lives if need be for their country, should be obliged to pay for their uniforms? I know of quite a number of cases of young men who have been offered lieutenantcies or captaincies, but who, by reason of the fact that they have mothers or sisters to support, have felt unable to go to the expense of \$100 or so to provide the necessary uniform. I think that ought to be taken into consideration.

Mr. SAM HUGHES: I am obliged to leave in a moment, and I trust the hon. gentleman will not think I am interrupting if I ask leave to say a word now. The

Department has decided, subject to the approval of Council, to act in accordance with the suggestion the hon. gentleman has made. I think it is the only sensible view to be taken. There is no reason why an officer should be put to personal expense for uniform, that is, for necessary service uniform, when he goes to the front.

Mr. PUGSLEY: There is just one other thing. The Minister of Marine and Fisheries (Mr. Hazen) knows that a very fine armoury has been erected in St. John. But I am told that the Department of Militia have declined to provide furniture for that armoury, and the officers have had to put their hands into their pockets to purchase the furniture necessary. I think that if the country can afford to build a magnificent armoury, it can afford to purchase the furniture reasonably required for that armoury.

Mr. SAM. HUGHES: So we do.

Mr. PUGSLEY: The Department has not done it in St. John.

Mr. SAM. HUGHES: I am not sure for the moment of the details as to that.

Mr. PUGSLEY: The officers have been obliged to procure furniture at their own expense.

Mr. J. J. HUGHES: I understand that the money required for the purchase of the one million bags of flour may be taken out of the vote now under consideration?

Sir ROBERT BORDEN: I am advised to that effect by the minister.

Mr. J. J. HUGHES: I believe that this action on the part of the Government has met with the approval of every person in Canada. The other gifts of food products to be sent to the old land will, I am sure, also be approved by all the people of Canada. I understand that British Columbia is making a gift of one hundred thousand barrels of apples, and that the Government of Quebec contributes four million pounds of cheese. But there are other food products of this country which the Government in their judgment might, perhaps, deem it advisable to send to the old land. I understand that Germany has for many years produced immense quantities of potatoes, having a surplus which was exported as occasion arose to Great Britain or even to America. Of course, that trade is cut off entirely. In Canada we produce large quantities of potatoes. This year the prospects are that in the Maritime provinces

[Mr. Sam. Hughes.]

we shall have an abundant crop, more than we can at all use. The Province of Prince Edward Island has prospects of an immense crop of this useful article of food. I merely suggest to the Government that they might think it wise to send to Great Britain a quantity of potatoes. If prospects are realized, I believe that Prince Edward Island alone could furnish at least one million bushels. The crop in New Brunswick and Nova Scotia also being good, it is not improbable that we shall find no market for them. The crop might be rotting in the fields or in the cellars of the farmers. If people in the old land were short of food and we had an abundance on this side that did not reach them, we should have a condition of things in which something would clearly be wrong.

Some hon. MEMBERS: Oh, oh.

Mr. J. J. HUGHES: We can sell potatoes in the province of Prince Edward Island at least one-third cheaper than they can be sold in any other province of the Dominion.

Some hon. MEMBERS: Oh, oh.

Mr. J. J. HUGHES: I do not understand the remarks of my hon. friend. Does he wish to say anything germane to this subject or is he simply trying to be facetious and a little smart or foolish as usual?

Mr. BRADBURY: Prince Edward Island might make a gift of potatoes.

Mr. J. J. HUGHES: That would be all right. I dare say the people of Prince Edward Island would be prepared to make a reasonable gift. But the quantity of potatoes we shall have to spare will be very large. And I have this to say, that if the Government take into consideration the suggestion I make, I am satisfied that they need not pay any commission for providing this article.

Some hon. MEMBERS: Oh, oh.

Mr. J. J. HUGHES: I do not quite understand the joke. Is the Government paying large commissions in other places? I am quite satisfied that the traders in Prince Edward Island will give their services in this work free of charge. I can speak for myself and guarantee to supply the Government from ten thousand to twelve thousand sacks of potatoes equal to 30,000 bushels, which will not cost them one cent for my services, and I know of others who will do the same.

In connection with this, there is a matter which may be a little foreign to the terms

of the measure under consideration. But if the Government is looking after the interests of the people—as this is a time when the hearts of all the English-speaking people of the world beat in accord, a time when we have the sympathy of the English-speaking people of all America, this might be a proper time for the Government to approach the Government of the United States to see if they would not remove the embargo upon potatoes entering their country from Canada. There is no other thing that the Government could do that would be of such advantage to the farmers of the Maritime provinces, but particularly Prince Edward Island, and I think it would be of considerable advantage also to poor people in the cities and towns of the New-England States. If the Government thought this the time to take some action in regard to this matter I believe it would be very wise for them to do so.

The Government or the Department of Militia sent inquiries to people in Prince Edward Island for quotations on butter and hay. I do not wish to say one word that would have the appearance of party politics; but I think these inquiries were sent only to friends of the Government—that is my information. They may have sent to some officials there, and the officials may not have circulated these inquiries generally. However, I am quite satisfied of this, that if the people of Prince Edward Island are afforded the privilege of supplying anything asked for at this time they will supply it free of commission, free of middlemen's charges. I would suggest that the Government, in making purchases, should extend to the whole of the people the privilege of offering the supplies that they have on hand.

Sir ROBERT BORDEN: The question how to utilize the resources of the whole Empire in the best interests of all portions of the Empire is, of course, a very important one. We shall give the best consideration we can to the suggestions of my hon. friend, and take such action as may seem proper and reasonable under the circumstances.

Mr. MACDONALD: I have noticed in the press a statement that a proposal of some kind has emanated from Toronto, and that on behalf of that proposal a delegation has waited upon the Government, submitting to them a method, on definite and positive lines, to obviate the lack of employment which is anticipated throughout the country. I may say that in our province to-day

we are threatened with unemployment through the discharge of a large number of men, particularly men connected with the steel industry. These workingmen have not had a good summer, and, as they have been employed in special work for which they cannot find a substitute elsewhere, I am afraid that a most difficult situation is likely to arise. If the plan suggested by the gentleman from Toronto is of such a character as to meet with the good opinion of the Government, perhaps the Prime Minister could tell us what idea, if any, the Government has with a view to preparing for such a contingency.

Sir ROBERT BORDEN: Certain gentlemen from Toronto had an informal conference with myself and some other members of the Government. Their idea is a very good one; the question is as to the best way of working it out. The idea is that the businessmen, manufacturers, labouring men, and producers of Canada should establish some organized method of co-operation with a view of meeting as far as possible the problem of non-employment, which threatens a great many people in Canada, as the hon. member for Pictou (Mr. Macdonald) has observed. We listened to what these gentlemen had to say, and expressed appreciation of the interest which they took in a subject which gravely concerns the Dominion at the present time. We asked them to think over their proposal, to put it in a little more definite form, if they could, and to come back to us after the conclusion of the session, when we could take the matter up with better opportunity to devote time and attention to it than when they came to us.

Mr. MURPHY: May I ask the right hon. gentleman if he has received any representations on the subject from the representatives of organized labour?

Sir ROBERT BORDEN: Yes, I had a conference of some considerable length last evening with gentlemen representing organized labour. I found them disposed, as these other gentlemen are, to co-operate in every way for the purpose of alleviating the conditions of distress which are apprehended in some parts of the country.

Mr. CARROLL: I wish to bring to the attention of the Government the fact that we have at the present time a very serious situation in the steel works in the city of Sydney. I have no doubt that representations have already been made to the Gov-

ernment with regard to that matter. Some branches of their works are already practically closed down, and I presume that the rail mills all over Canada are in a similar position. May I suggest to the Government that in conjunction with what has been done by organized labour and by the friends generally of Canada on behalf of the unemployed, there might be something the Government could do to help out rail makers and steel workers, not only in Sydney, but throughout the whole of Canada as well? Several things may suggest themselves to the Government; the probabilities are that they have already suggested themselves. One is that the Government might give advance orders for rails, for the Hudson Bay railway, the Grand Trunk Pacific, and the Intercolonial railway. Some seven or eight thousand men are out of employment. They are facing starvation, and perhaps it is not improbable that this situation is general in all the steel works of Canada. I bring this matter forward in no party spirit. I have had an intimation from a political friend of the Prime Minister that he intended to bring the matter to the attention of the Government. Anything done along that line shall receive not only my humble support, but the support of every man, woman and child who is dependent upon the Dominion Steel Company for support.

Sir ROBERT BORDEN: Representations have been made by a number of representative citizens of the city of Sydney, I understand. So far as the Government is concerned, I believe that a considerable order was given, amounting to about 10,000 tons of rails. The Government would be very desirous of supplementing that order so far as it may be possible to do so, but my hon. friend will, of course, realize that the Minister of Finance has to take into account the financial condition which at the present time confronts not only this country but the whole world. It has been represented to us that orders which had been given by some of the railway companies were withdrawn or cancelled, and I have been asked to take measures of one kind or another which may enable those orders to be carried out. We have not up to the present time had an opportunity of giving to that suggestion the consideration which it deserves. The whole situation is a very complicated one, and I can only ask my hon. friend to take the assurance that whatever can be done, having regard to the situation as a whole, including the conditions in the city of

[Mr. Carroll.]

Sydney, shall receive the careful attention of the Government.

Mr. SINCLAIR: May I suggest that the Minister of Finance or the Prime Minister should instruct the banking institutions of the country not to be too severe upon their customers at the present time. I understand that orders have gone out from the head offices of almost all the large banks not to increase the overdrafts in the various branches. We all know that the manufacturers very largely depend on the banks for practically all their working capital, and, as we are giving very great concessions to the banks at this time, it strikes me that the people of the country should receive some benefit therefrom. I am sorry to say that, so far as I have been able to ascertain, the banks have been very severe. They have prevented people from obtaining the capital that they ordinarily require to carry on their regular business, and, while large concessions have been made to them, they have not made any concessions to the business interests of the country.

Sir ROBERT BORDEN: I am informed by the Minister of Finance that he has been in communication with some of the banks with regard to the very matter that my hon. friend has mentioned. Anything that the Government can do in that regard, without undertaking to manage the business of the banks or to dictate to them, will, of course, be done.

Mr. MACDONALD: It was stated in the press that the Government would introduce legislation to enable them to deal specifically with cases where the cost of the necessaries of life was increased by those dealing in them. Has that been covered specifically by any of the Bills we have dealt with to-day?

Sir ROBERT BORDEN: No, not specifically. It is thought that legislation which has been already under consideration this afternoon will be of a sufficiently comprehensive character to include any action that might reasonably be taken by the Government in that matter.

Mr. CARROLL: Is not clause 3 now covered by the Militia Act, which makes provision for the payment of the militia when on active duty and when not on active duty?

Sir ROBERT BORDEN: The Minister of Finance informs me that it was thought desirable, in addition to any provisions contained in the Militia Act, to have this pro-

vision which might be necessary to meet possible contingencies.

Bill reported, read the third time and passed.

DOMINION NOTES BILL.

On motion of Hon. W. T. WHITE (Minister of Finance), Bill No. 5, respecting Dominion Notes, was read the second time, and the House went into committee thereon, Mr. Blondin in the chair.

Mr. WHITE: We are repealing the present Dominion Notes Act and substituting this one. I may say that there are three principal changes provided for in this legislation. In the first place, we provide that Dominion notes may be issued, not only against gold coin as in the past, but against bullion in bars of certain fineness. I may state that this is the custom in Great Britain; the Bank of England issues its notes against bars as well as against coin. There is a certain advantage in that, because bars may be shipped to countries requiring them, and there be converted into the currency of those countries. No question arises so far as security is concerned under the change that we propose. The second change is that in the signing of notes the signatures may be engraved thereon, provided that there be added a distinguishing device and a serial number while the notes are in the custody and control of the officers of the Finance Department. At the present time the signature of the deputy minister is engraved upon notes, and a clerk in the Finance Department adds an additional signature.

We propose now to modernize the method by having both signatures engraved, with this safeguard, that after the notes are printed with the engraved signatures a distinguishing device and a serial number shall be engraved on each note and that shall be done while the notes are in the custody and control of the officers of the Department of Finance. It is an additional safeguard to the note issue of the Dominion. I had this legislation prepared last year and intended to introduce it last session.

Mr. A. K. MACLEAN: The notes are now numbered, are they not?

Mr. WHITE: Yes.

Mr. MACLEAN: But without any other device?

Mr. WHITE: Yes.

Mr. MACLEAN: What is this device?

Mr. WHITE: It has not been determined yet. If a note has not the distinguishing

device we shall know it has been issued without the authority of the Department of Finance. It is a check upon the issue of Dominion notes.

The third provision is the most important of all and is that to which I called attention yesterday. We have increased the amount of Dominion notes which may be issued with a 25 per cent margin of gold from \$30,000,000 to \$50,000,000.

Mr. MACLEAN: And this increased note issue, which will amount to about \$15,000,000 when issued, is to go into the consolidated revenue fund?

Mr. WHITE: Yes.

Mr. CARVELL: The minister stated that these notes would not be actually signed as in the past, but that a device would be placed on them. Is that intended to be a secret device known only to the officers of the Department?

Mr. WHITE: It will be stamped on the Bill and in that way it will be public.

Mr. CARVELL: Why could not the forger stamp the device on as well as he could forge the signature?

Mr. WHITE: My hon. friend understands that the Dominion notes are engraved with very great care. The device will be engraved with equal care and in the result it will be exceedingly difficult, if not impossible, to successfully counterfeit either the bill or the device. The legislation is modern. The Bank of England notes are printed.

Sir WILFRID LAURIER: The signatures also?

Mr. WHITE: Yes, they are engraved. In the revision of the Bank Act last year we introduced a similar provision with respect to bank notes, it being found impossible, on account of the great demand for bank notes, to have them signed by officers. As it may be of interest to some of the members, I shall lay upon the table a facsimile of a £1 note recently issued by the Bank of England. Previously the Bank of England's notes have been limited to £5 notes, but within the last couple of weeks they have been issuing £1 notes and 10s. notes.

Mr. A. K. MACLEAN: Is it proposed to permanently increase the note issue, supported by 25 per cent gold, up to \$50,000,000, or is the present proposal merely a temporary measure? What will be the de-

nominations of this note issue, and what is the Dominion note issue of ones and twos at the present time?

Mr. WHITE: The legislation authorizes an increase from \$30,000,000 to \$50,000,000 without any limitation or condition whatsoever, so that it would be open to the Government to avail itself of it now or at any later time. In other words, there is an integral change made in the Dominion Notes Act whereby a margin of 25 per cent of gold may be held in respect of an issue of \$50,000,000 instead of \$30,000,000 as under the present legislation. As regards denomination, notes of any denomination may be issued to make up this amount. It may be wholly in ones, twos, or in fives or large legals, but it will be a combination of all.

Mr. A. K. MACLEAN: I have always understood that the justification for the \$30,000,000 of notes supported by 25 per cent gold was that they were in small denominations and not likely to be called.

Mr. WHITE: My hon. friend raises a very interesting question. I would say that it is desirable that the total amount of free Dominion notes that should be outstanding at any time should not be materially in excess of the amount of notes of small denominations in the hands of the public. In other words, in order that the Dominion may be able to retire its notes in gold there should not be outstanding a larger amount than is required from time to time by the community for its purposes. We have, however, a safeguard against any difficulty on that score. In the Bank Act there is a provision that the chartered banks of Canada must hold 40 per cent of their cash reserves in Dominion notes. That being so, the amounts which the banks must hold under that legislation cannot of course come in for redemption. Therefore, the position is this: In estimating what notes are likely to be presented for redemption, we have to take into consideration three facts: first, how many notes are likely to remain outstanding in the hands of the public; secondly, how many notes are likely to be required by the banks for the purpose of their clearings (which is a very large amount); and thirdly, what amount of notes must be held by the chartered banks, representing not less than forty per cent of their cash assets? Answering particularly the question which my hon. friend has directed to me as to the present issue of Dominion notes, I have some information here which I think will be of interest to the House:

[Mr. A. K. Maclean.]

Present issue of Dominion Notes and Gold holding as on July 31, 1914.	
Fractionals 1's, 2's, 4's and 5's.	\$ 25,180,333
50's, 100's, 1,000's.	7,209,500
Bank specials good between banks only, in 500's, 1,000's and 5,000's.	80,404,000

Total	\$112,793,833
Amount Dominion notes held by the banks this date.	90,588,065

Amount Dominion notes in the hands of the public other than the banks.	22,205,768
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Gold held July 31, 1914, as reserve for Dominion notes.	91,735,584
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Amount of gold required to be held under the present Act for this issue.	90,293,833
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(In addition to the \$91,735,584 the minister also has \$5,400,842 in gold to satisfy the ten per cent requirement of the Savings Banks Act.)

Amount Dominion notes outstanding not covered by gold holding.	21,058,249
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The banks had in current gold and subsidiary coin on the 31st July, 1914.	51,406,472
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Just let me refer more particularly to the item of \$21,058,249, representing the amount of Dominion notes outstanding not covered by gold holdings. The Dominion may issue \$22,500,000 of free money to-day, but it happens that only \$21,058,249 in Dominion notes are outstanding unsecured by gold. In addition to that, although the question does not arise here, the banks held in current gold and subsidiary coin on the 31st July, 1914, \$51,406,472. That in round figures you can say that the gold reserve of the Dominion both by the Dominion and by chartered banks would be over \$150,000,000.

I have made a little memorandum with respect to this proposal to increase the note issue from \$30,000,000 to \$50,000,000 against twenty-five per cent of gold, which for the information of the House I shall place upon 'Hansard':

If advantage is taken of the proposals in the Dominion Notes Act, 1914, on the basis of the circulation as of July 31, the total outstanding circulation would be approximately \$127,800,000. The gold reserve as respects that issue would be \$91,735,000. This works out a percentage of gold to circulation of approximately 71.7. 71.7 per cent is a larger percentage of gold holding to notes issued than was held by the Dominion at any time prior to 1909. At the present time the gold holding is approximately 81 per cent of the total issue of Dominion notes. The issue of \$15,000,000 additional Dominion notes would reduce the percentage to 71.7 as stated.

Sir WILFRID LAURIER: What was the quantity before 1909?

Mr. WHITE: I have not the figures. In 1870 the percentage of gold holding to

circulation was 22; in 1880, 41; in 1890, 34; in 1900, 55; in 1908, 65; at the present time 81 per cent, and when this extension that we propose is made it will fall to 71.7 per cent.

Mr. A. K. MACLEAN: The minister, I understand, will be introducing a borrowing Bill in connection with the credit of \$50,000,000 this session?

Mr. WHITE: It is provided in the war appropriation Bill that the Government may borrow in order to raise the funds in whole or in part. I thought it advisable that in addition to all the borrowing powers which the Dominion at present possesses we should insert in the Bill the power to borrow. It would appear to me that it would not be just that the whole burden of this war in its entirety should fall upon the people of Canada during each year of the continuance of hostilities, and that it would be proper that borrowing powers should be taken in connection with the appropriation Bill. That is the course adopted by other countries. Great Britain has, according to the despatches this morning, issued treasury bills which have been at once subscribed for the purpose of carrying on the war. Her first step was to borrow a large sum of money, reported to be something like \$45,000,000 or \$50,000,000, from the Bank of England. The recent transaction under which treasury bills are sold will repay that advance from the Bank of England and put her in funds to the extent of the further amount realized by the sale of the treasury bills.

Mr. A. K. MACLEAN: I suppose the Government are unable to say where they will endeavour to make a loan or the nature or manner of it?

Mr. WHITE: I gave this matter consideration in connection with the Budget yesterday. I indicated that we would attempt to meet the situation in three ways: first, we would raise an additional amount by the taxation from customs and excise, which I brought to the attention of the House; and, secondly, we would, from time to time, endeavour to make loans to meet the deficit between our revenue and the expenditure upon capital account, plus the special expenditure required in connection with our military and naval operations. We shall pursue that policy and avail ourselves at the same time of this expedient of issuing Dominion notes, which is, after all, a method of borrowing from

the public of Canada upon our own securities.

Mr. A. K. MACLEAN: Except that you propose applying that to consolidated fund.

Mr. WHITE: It will all go into consolidated fund. The consolidated fund, as my hon. friend knows, is available not only for paying current expenditure, but, to the extent that is possible, capital and special expenditure also.

Sir WILFRID LAURIER: This is not a temporary measure; it is a permanent measure, and I do not know that I have any great criticism to offer. I think, on the contrary, that I approve of it altogether. The only point which might occasion some—not criticism—but desire to have further information is in regard to increasing the proportion of Dominion notes not covered dollar for dollar by gold from \$30,000,000 to \$50,000,000. The proportion hitherto existing—25 per cent—remains the same, but the amount is increased from \$30,000,000 to \$50,000,000. My hon. friend, I know, is a believer in the credit of Canada being maintained upon a gold basis and nothing else. I was relieved when I heard him say that at the present time our gold holdings amount to 81 per cent of the Dominion note issue and that therefore the alteration would be only three or four per cent, which I think, is not material. I have no doubt that those who follow these matters will be relieved to know that our Dominion note issue remains upon an absolutely secure gold basis. I rose for the purpose of asking one question of my hon. friend. I would like to know if he is able at this moment to get all the gold he needs from the production of the country or whether he has to import any?

Mr. WHITE: My right hon. friend knows that when the Dominion buys gold it must pay for it in gold. Therefore, at the present time it is no object to the Dominion to buy gold and pay out gold if that gold leaves the country. In the provision which I have inserted in this Dominion Notes Act whereby Dominion notes may be issued against bar gold as well as against gold coin, it is in my mind that we shall be able without depleting our balances with the bank to purchase bar gold the product of Canada of the requisite degree of fineness. The present method of purchasing gold through the mint is that they tender for gold no matter where it can be bought, whether in Canada or the United States.

They require bar gold of a certain fineness. They may have to refine it a little more after they get it, but the gold purchased is converted into coin here. I have taken the matter one step farther by this amendment to the Dominion Notes Act. If bar gold is available, whether bearing the stamp of the United States Government assay office or of the Royal Mint, or any branch thereof in Canada or Australia, we may pay for it by the issue of Dominion notes against it. That would not deplete our financial reserves. If I attempted to buy gold now that was not of the degree of fineness which would enable the Mint to coin it into specie, or gold currency, I would have to pay out gold to get that, and thus impose quite a strain upon our reserves at the present time, confronted as we are with the programme I indicated to the House yesterday.

In answer more especially to my hon. friend, it is not an object of the Government just now to buy gold, but it is an object of the Government at the present time to conserve its gold; and therefore we have, as a corollary of the action that we took in making bank notes legal tender so far as the obligation of the banks to the public is concerned, discontinued the redemption of Dominion notes in gold. That was found necessary in order to conserve the gold resources of the country. My hon. friend has had in mind, what of course any financial man would have in mind, namely, the supreme importance of not inflating the currency beyond the point upon which we can readily get back upon a gold basis. We have been upon a gold basis. At the present time, like other countries, we are not upon a gold basis. The United States to-day is upon the basis on which it was in 1907. Payments are being made by clearing-house certificates; but nothing that we are doing at the present time in connection with the Dominion Notes Act, and nothing I hope that we shall be obliged to do in the future to meet the situation by issuing Dominion notes, will put the Dominion in a position in which its note currency will be so inflated that we shall not within a reasonable time be able to get back upon a gold basis. If we should have to take action in the future that would make it difficult for us for a long time to get back upon a gold basis, certain evils would follow that it is not necessary to advert to here. We hope to be ready, as soon as the necessity no longer exists, of conserving our gold supply, to return to a gold basis. This extension from thirty

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million dollars to fifty million dollars does not in any way affect the circulation on account of the notes in the hands of the public and the amounts the banks are required to hold under the provisions of the Bank Act.

Section agreed to.

Bill reported, read the third time, and passed.

COMMERCIAL AND FINANCIAL INTERESTS BILL.

The House again in Committee on Bill No. 4, to conserve the commercial and financial interests of Canada.—Hon. W. T. White; Mr. Blondin in the Chair.

Mr. A. K. MACLEAN: When section 4 of the Bill was under consideration, the minister was not in the House. Under subsection 'A,' which enables the Government to make advances by the issue of Dominion notes upon approved security, has any policy or principle been adopted by the Finance Department as to the class of securities upon which they will make advances, and have any advances yet been made in that manner?

Mr. WHITE: When war broke out between Germany and Russia, and after the stock exchanges and bourses of the world had closed, and on the eve of a declaration of war by Great Britain against Germany, in order that I might be in touch with events in the financial and commercial world, I caused to be convened a meeting of representative bankers to keep me in touch with the situation. After we passed the Order in Council under which the banks were authorized to make use of their excess circulation privilege during the month of August, and to make payments in bank notes, and after we had passed a further Order in Council authorizing advances to be made to the chartered banks upon securities to be approved by the minister, I continued this committee as an advisory committee upon securities. The committee consisted of the president of the Canadian Bankers Association, as chairman, and the general managers of the three largest banks in Canada. I convened the committee at Montreal because it was very convenient to Ottawa, and I could be in touch with the situation by telephone from day to day. Since the announcement was made that banks were authorized to issue their own notes instead of Dominion notes and gold, and to make use of their excess circulation,

and that the Dominion Government stood prepared to make advances to chartered banks upon the security of approved collateral, the banking situation in Canada has been normal, and up to date we have not issued any Dominion notes.

I should say further—and this will answer in part a question asked this afternoon by my hon. friend from Guysborough (Mr. Sinclair)—that, without assuming to interfere in any way with the banks' conduct of their business, I have asked the banks to exercise as liberal a policy as is consistent with the principles of sound banking towards the commercial community, and I have asked them not to hesitate to make use of the facilities afforded them by the Government through this arrangement.

I have been asked as to the machinery that has been devised. The advisory committee that I have mentioned pass upon the security put forward in connection with an application. There is a certain order in which these securities are to be taken. There are Dominion and provincial guarantee securities and other high-class listed securities, bonds and stocks and commercial paper. I think it inadvisable to lay down a hard-and-fast rule, because the several banks carry on their business differently. While there may be a good deal of trouble in connection with the release and substitution from time to time of commercial paper, such paper may be quite as good as high-class bonds or other collateral. This committee of bankers pronounce upon these securities, subject to the final approval of the Minister of Finance. In this connection I should call the attention of the House to a provision of the Bank Act. I think it is section 135 which provides that the Dominion has a second charge, next only to the note issue, upon advances made to banks. So I do not think the question of security need give us very much concern. That is the procedure that has been adopted to date. But I have changed that in this present Bill. I have provided that the Treasury Board, instead of the Minister of Finance, shall sanction the advances that may be made. That gives a wider judgment. Of course, the Minister of Finance is chairman of that board and his knowledge would be at its disposal. We may have to enlarge the committee in order that sub-committees may be appointed to act in different parts of the country, but for the present we shall proceed under the arrangements made until change seems necessary or desirable.

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Mr. A. K. MACLEAN: I presume that the purpose is to relieve banks of present loans which they are carrying so that they may be better able to take care of fresh applications for loans. That being the case, I suppose the banks would receive no greater rate of interest from their customers than they would pay to the Government. As I understand it, the *modus operandi* will be to transfer to the Government securities given as collateral by customers of the banks. On these securities a specified rate of interest will be paid. Will the Government receive for the advances in Dominion notes the same rate of interest that the customers pay to the banks?

Mr. WHITE: I should not say that that would be the case. My hon. friend knows, of course, that the banks have their running expenses to meet. They pay three per cent for deposits, but their discount rates are much higher, of course. I have fixed five per cent as the minimum rate which the banks must pay the Government under the present arrangement. When I made the arrangement I took up with the banks the question of the rate of interest in a general way. I wrote to the chairman of the Bankers Association requesting him to communicate to the banks my wish that at this time the rates of interest should not be increased. I am not of the opinion that the banks' rate of discount will be precisely the rate which the banks pay the Government, because it must be remembered that the banks will avail themselves only to a comparatively small extent of this assistance which the Government offers them. Their loans will be made first from their own resources. The object of these advances is that the banks may be able to maintain the volume of their credit to their customers and meet abnormal demands upon their cash resources in time of stress. I can assure the House that I have found the banks ready and willing, so far as I can judge, to act in a spirit of the utmost fairness towards the whole situation.

Mr. NESBITT: You do not intend to make these advances so long as we can get along in the ordinary way?

Mr. WHITE: The banks would not make application and pay five per cent for money if they had money on hand for which they were paying three per cent. In the fall of 1907, when the American panic was at its height, the late Government adopted a somewhat similar expedient, and advances were made to the banks upon such securi-

ties as were approved by the general manager of the Bank of Montreal, the general manager of the Merchant's Bank and the Deputy Minister of Finance. At that time the reason given for the advances was that the banks might be in a position to move the western crop.

Mr. CARVELL: I think the Minister of Finance is taking a wise course in putting the banks in a position to control more funds, if necessary. But I should like, if possible, to throw some safeguard around the borrower, to insure that he shall be used as well by the banks as the banks are used by the minister. I do not wish at this time to throw any aspersions upon the good intentions of the banks, but I wish to assure the minister that there is not a member of this House coming from the outlying portions of Canada but has seen up to this time a pretty severe tightening of the purse strings of the banks; not only the refusal—I grant you in a very gentlemanly manner—to make advances, but a pretty strong pressure applied to the ordinary borrower to make payments and make them as rapidly as possible. I realize that it is private money which the banks are handling to a great extent, and yet the position is that the banks control all the spare money in the Dominion of Canada. We all know that if we deposit \$100 in a savings bank to-day it goes into one of the chartered banks to-morrow. The chartered banks have control of all the money in Canada; they are the only persons to whom we can go for money. I have a lively recollection, indeed, of the condition of affairs that existed in 1907, when the Government of the day assisted the banks to some extent. I have always felt that the banks took advantage of the condition of affairs in order to make capital or to make dividends for their stockholders. We realize that an emergent condition of affairs now exists in Canada such as has never existed in our time, and such as we hope will never exist again. The country is making great sacrifices. Parliament is assembled, and has ungrudgingly voted every dollar which the Government has asked for, and has passed every bit of legislation which is required to meet the circumstances. Every person in Canada, in so far as it is in his power, is willing, I believe, to make all necessary sacrifices in order to carry out the work which is to be done, and to place the Government in a position to see that we do our share towards bringing this struggle to a successful issue. Under these circum-

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stances I see no reason why the banks of Canada should not be willing to make sacrifices as well. I see no reason why the Government should not lay down a rule—I should almost like to see it on the statute books—preventing the banks from charging more than a certain rate of interest on loans. You may say that this is a drastic proposal. With that I agree; but these are times when drastic measures are necessary. We are giving the Government drastic powers; we are all making sacrifices, and there is no reason, so far as I can see, why the holders of bank stocks should not make sacrifices just as well as ordinary individuals. I accept the words of the minister in toto; I believe he is doing all in his power to regulate the conduct of the banks. Nor have I any reason to doubt the bona fides of the banks when they tell the minister that they are trying to do things properly. So far as I am concerned, however, I should like to see a little more power taken by the minister, in order that he may see that the banks are compelled to lend money to the people without making an undue profit. The banks should not be allowed to make more than a reasonable profit. If we are lending the banks money at five per cent, surely six and one-half per cent or seven per cent should be the maximum rate which they should be allowed to charge the people. Even though it may seem that this is a drastic procedure, I wish the minister would take it into consideration. I believe that the whole commercial body of Canada will stand by him and applaud him if he will take steps to see that the people are able to get their credits and get them as cheaply as possible.

Mr. A. K. MACLEAN: I have seen it stated in the press that there was an application on behalf of the producers of bullion silver to have that approved as a security upon which Dominion notes may be issued under the provisions of this section. There may be something to show in favour of it; at any rate, I rise merely to inquire of the minister whether that matter is under consideration.

Mr. WHITE: The matter has been drawn to my attention. It is not the view of the Government that Dominion notes should be issued against silver, because we have been and expect soon again to be upon a gold basis. In connection with the arrangement which has been made with the banks, it would be open to the bankers of silver-producing companies to take the notes of

those companies, secured by bar silver as collateral, with a proper margin, and re-hypothecate those notes with the Government as security for advances to be made. There is no doubt that, with a proper margin, you could not have better collateral than bar silver. At present, on account of the war, a severe decline has been experienced in the price of silver, and the market has been greatly limited, but these conditions we trust are temporary.

Mr. A. K. MACLEAN: What provision does the minister make with respect to the Dominion notes which shall be issued against approved securities on payment of the loans? Does he take power to destroy the notes after the payment of the loans?

Mr. WHITE: When notes are put into circulation, whether by advances to banks or otherwise, some of them get into the hands of the general public. Possibly the greater amount would be in the hands of the banks as part of their liquid resources. Of course, when the loans made by the Dominion through the issue of Dominion notes to the banks are repaid by the banks, that money goes into the consolidated fund and is there for the purpose of redeeming Dominion notes, or for other purposes.

Mr. MACLEAN: Is it the intention of the Government to redeem those notes promptly, and not to allow them to remain in circulation?

Mr. WHITE: It should be the policy of the Government to get in as soon as possible any redeemed Dominion notes issued under this arrangement, so that all Dominion notes issued would be governed by the new Dominion Notes Act which we have just passed; that is to say, that up to \$50,000,000 we shall hold 25 per cent of gold reserve, and, as to the balance, dollar for dollar in gold.

Mr. MACLEAN: Upon payment of these loans, will the minister have power to reduce the note issue at some time to the amount fixed by the Dominion Notes Act?

Mr. WHITE: We would have power in this sense, that we would have the funds to do it. Of course, we have not the power to compel the surrender of Dominion notes which would be generally held throughout the country, in the hands of the public and of the banks.

Mr. CARVELL: Do you destroy any of them to represent the amount of money returned?

Mr. WHITE: There is no object in destroying them, because we desire to have stores of Dominion notes in our treasury. The demand for Dominion notes especially in the fall, is very great, but notes are coming in all the time. Those that are defaced are destroyed; those not defaced are available to be issued to meet the needs of the country. The amount outstanding at any time determines the liability of the Dominion in respect of these notes. When an advance is paid off, the Government's position is to that extent improved, and whatever notes it has from time to time in its treasury are notes not issued, but available to be issued in the future under legislative authority.

Mr. CARVELL: It is like buying back your own bonds.

Mr. WHITE: Precisely.

Mr. McCURDY: I wish before the clause passes to advert to the conditions which the statements of the hon. members for Guysborough and Carleton, N.-B., and the Minister of Finance indicate now exist in the country. On the one hand, the hon. members state that bank credits are being seriously curtailed. I do not know on what basis these statements are founded, but it is said that instructions have been sent out by bankers to their branches that in some lines of manufacturing, at any rate, the usual credits are not to be granted during the coming winter. On the other hand, the Minister of Finance states that up to the present the facilities provided by the Government for advances to the banks have not been in any instance availed of, although the terms provided are sufficiently liberal to allow bankers to do so profitably.

I think we are justified in expecting that these facilities provided for the general good and to prevent pressure and unemployment shall be availed of and fulfil their intended purposes. If not, some other scheme must be devised to meet the emergency and the unnecessarily distressing conditions which will otherwise grow out of it. We all realize that the banking interests of the country are primarily in the business of banking for the sake of gain. In that regard their driving motive is not different from that of those in other lines of business.

There exists, apparently, a marked aversion on the part of bankers to take advantage of the credit facilities provided by the

Minister of Finance under the Orders in Council already passed and confirmed by this legislation. Bankers are not ready to give colour to the suggestion that they must go outside the resources which come to them in the ordinary run of business to procure funds for their businesses, and, as I have said, there appears on the part of all bankers a disposition not to take advantage of the facilities which have been offered through the medium of this legislation.

The present conditions are most abnormal. We have during the past three weeks seen that the strongest countries, financially, in the world have found it necessary to postpone the payment of debts. The moratorium has come into general use among combatants. When even countries like Denmark, entirely outside the conflict, find it necessary to postpone the payment of obligations, an abnormal state of affairs is exhibited such as has never been experienced before in financial history and which is the justification for the different emergency provisions which we are now legalizing.

At such a time our Government has undertaken to utilize the existing banking system to safeguard security and facilitate the routine business of the country, instead of postponing debts and adopting other expedients giving direct relief to a perplexed and harassed public.

The Government should guard against the disposition of the banks not to come to the Government for assistance. Bankers are expected in a time of distress like the present, with the credit facilities thus provided for them, not only not to curtail credit, but, wherever the security offered is sufficient, to increase their credit facilities to the point of satisfying the necessities of every solvent borrower who is ready to engage in sound and profitable productive labour, providing enterprises which are necessary to the normal life of the community. I do not refer to unnecessary or capital expenditures. These can and must largely wait until the crisis has passed.

I do not know whether the information regarding restricted credit as given by the hon. members for Guysborough (Mr. Sinclair) and Carleton (Mr. Carvell) is quite correct.

Mr. CARVELL: It is correct.

Mr. McCURDY: If that is so, I think that the minister must draw the attention of bankers to it in the most forcible possible way and see that such hardship shall

[Mr. McCurdy.]

not be put upon borrowers. The effect does not stop with the merchant or manufacturer whose credit is curtailed, but falls on the head of his employee.

In order to prevent undue unemployment during the coming winter, which is sure to be severe enough in any case, such machinery as has been provided by the Administration should be fully availed of.

In making these suggestion I allude only to the most solvent and sound concerns who ask for credit. There has been a good deal of inflation in Canada in the past four or five years, and overlending, as I pointed out when the Bank Act was up in the Banking and Commerce Committee. There has been, and there will necessarily continue to be, a severe trying out. That will continue, and we shall doubtless in the early future see the removal of further unsound factors in the business community of Canada. It is in cases where the operations to be undertaken in manufacture or otherwise are sound and certain to result profitably and to turn over quickly that these credits should be extended.

Should credit suffer by reason of the facilities provided by the Government being allowed to be unused, it will be the duty of the Government to adopt some more direct means of enabling manufacturers and merchants to obtain credit facilities, even should that means be along lines of practice heretofore considered unorthodox in this country.

Bill reported.

Mr. WHITE moved the third reading of the Bill. He said: I understand that the hon. member for South Renfrew (Mr. Graham) asked a question in connection with this Bill as to the basis of valuation of securities of insurance and other companies. Under the Insurance Act, for the purposes of the annual statement, the market values of stocks, bonds and debentures shall be taken for the purpose of determining the company's total assets. I may say to the House that last year we had an independent valuation made by experts of all such securities, and these valuations were embodied in the report of the department. At the present time there cannot be said to be any market values, because the exchanges are closed, and the ordinary means for determining market values are disorganized. In the event of this condition of affairs continuing until the end of the year, the department has under consideration the advisability of adopting the following method of dealing with securities. For

securities owned on December 31, 1913, allow the department's value as of that date to remain as the market value for December 31, 1914. For securities acquired since December 31, 1913, allow the cost price as the market value on December 31, 1913. I think the Insurance Department will be disposed to meet the situation, should it continue as at present, in a way which I am sure will commend itself to the House.

Motion agreed to, and Bill read the third time and passed.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

NATURALIZATION ACT AMENDMENT.

Hon. C. J. DOHERTY (Minister of Justice) moved for leave to introduce Bill No. 8, to amend the Naturalization Act, 1914. He said:

I make this motion subject to the consent of the House and on the assumption that there is no objection. The Act that it is proposed to amend is the one that was passed at the last session of the House. What gives rise to the necessity for doing this is that the Imperial Parliament, in passing the Bill, the provisions of which we have adopted, made two amendments, and they have intimated to us their desire that we should without delay make our Act conform absolutely to theirs. I think the amendments will commend themselves to the judgment of the House. The first is to provide that where a married woman has lost her nationality by reason of marrying an alien, upon the dissolution of the marriage, she may be renaturalized without it being required that she should put in a period of five years' residence. The other amendment is to provide that where a woman marries a British subject who changes his nationality after the marriage, she may, by declaration of her desire so to do, retain her British nationality.

Mr. SPEAKER: It is entirely outside of the rules of procedure in the House for this to be done, and it can only be done by the unanimous consent and expressed wish of the House.

Sir WILFRID LAURIER: My hon. friend the Minister of Justice (Mr. Doherty) discussed the matter with me, and it seems a very meritorious measure. I have no objec-

tion, and I hope the House will have no objection, to taking the first reading.

Mr. SPEAKER: There is no notice of the Bill whatever, and it therefore can only be introduced by the unanimous consent of the House.

Motion agreed to, and Bill read the first time.

Mr. DOHERTY moved the second reading of the Bill.

Sir WILFRID LAURIER: No, the Bill is not printed.

Bill stands for a second reading.

CANADIAN PATRIOTIC FUND.

Hon. ROBERT ROGERS moved:

That the motion that Bill No. 7, to incorporate the Canadian Patriotic Fund, be read the second time at the next sitting of the House, be rescinded, and that the Bill be now read the second time.

Sir WILFRID LAURIER: I hope my hon. friend will not press that motion; I cannot agree to it. Here is a Bill that has not been seen by anybody. He cannot expect us to take Bills, however meritorious they may be, without having had an opportunity of seeing them. All these Bills have to be considered before we can pass them. We have not offered any opposition to the legislation which has been brought up by the Government, but I think it is not fair that we should be asked to put through Bills without having been given an opportunity of seeing them.

Mr. ROGERS: We can only take the Bill up by consent.

Mr. MACDONALD: Why could you not circulate it and pass it around among the members?

Mr. ROGERS: The Bill was prepared by members on both sides of the House, and there is nothing objectionable in it. I am sorry that you should unnecessarily attempt to oppose the passage of this Act of incorporation.

Sir WILFRID LAURIER: I am sorry that the Bill was not presented earlier. I admit that very much of the objection I might have is removed when I am told that it was prepared by my hon. friend (Mr. Rogers) and a committee of both sides of the House, but still I must trust my own judgment and read it before it is passed.

Bill stands for a second reading.

WAYS AND MEANS—THE TARIFF.

The House in Committee of Ways and Means.

Mr. A. K. MACLEAN: Would the hon. Minister of Finance tell the committee, as we reach each item, wherein the changes have been made and what effect they will have on the revenue?

Mr. WHITE: On item 21—Cocoa paste or 'liquor' and chocolate paste or 'liquor', sweetened, in blocks or cakes not less than two pounds in weight—there is an increase of half a cent per pound. The increased revenue will be the small sum of \$2,393. This tariff is not for the purpose of raising a revenue, but is what is called a consequential change by reason of the increase in the duty upon sugar. Sugar enters as a raw material into cocoa paste or liquor and chocolate paste or liquor, and in the resolution it is necessary to make this consequential change.

Mr. MACDONALD: I would like to say a word with regard to the manner in which this legislation is being presented to the House. Neither the Government nor any hon. gentleman opposite can complain as to the attitude of the Opposition in regard to matters submitted for the consideration of Parliament; but we on this side of the House think that, before we are asked to consider and vote for measures submitted to us, the Government should, at least, give us the opportunity of reading the legislation which is proposed. There is no reason why this House should not give as mature consideration at this period in our history to the unique and exceptional legislation that is submitted to it as it would to ordinary legislation in an ordinary session. We are not doing so, but when legislation is submitted we at least ought to know what we are legislating about. I make that criticism with regard to Bills which have been presented to-day and which we are expected to pass without ever having read them.

With regard to the item which the minister says is a consequential item relating to sugar, I would say, not in any captious way, but from the feeling that the duty on sugar will of necessity affect the homes of the poor to a very great degree, that, while I give to the minister the fullest possible consideration, in view of the haste which necessarily compelled the Government to summon Parliament to consider its

[Sir Wilfrid Laurier.]

measures, I feel that there are many other avenues from which revenue might be derived which would bear less heavily upon the homes of the poor people of this country than this particular item and the consequential items which follow. I see no reason why we should not have an extra postage tax in this country. If we had resorted for the time being to the exceptional imposition of an extra stamp upon all letters mailed in this country, we would have been able to raise a very substantial revenue; and it appears to me that one object which ought to actuate every one of us, whether in power or in Opposition, during this session, is to avoid as far as possible doing anything which will increase the burden of the plain people of this country in this exceptional period of our history. Every one knows that, during the three or four months previous to the declaration of war, there existed in the industrial establishments of this country a most marked depression, one which had its effect on the capacity of the wage-earner and the mechanic to make expenditures for himself and his family. In the homes of a great many artisans and industrial people the money that had been saved in previous months and years of active employment melted away. I am speaking not in any obstructionist spirit. Realizing to the full the necessity of immediate action, we on this side of the House take the position that the Government must assume responsibility for the proposals which they make to Parliament at this juncture; but, notwithstanding that, I think, if the Minister of Finance had had more time for consideration, he might have discovered some other item than sugar, and the consequential items attached to it, as a source from which a revenue might be raised at the present time.

Mr. WHITE: I do not rise to take exception to what my hon. friend has said, and I desire to assure him that I appreciate the spirit in which his suggestions are put forward. So far as giving the House information as to measures which may be laid before it is concerned, there are no two opinions. The circumstances of this session have been exceptional, and it has been the desire of both sides to pass into law the legislation proposed by the Government as quickly as possible consistently with reasonable consideration.

So far as my tariff proposals are concerned, there has been no departure, so far as I know, from the usual course. I presented my Budget speech yesterday; all the measures proposed appeared in

'Hansard' this morning. No doubt the resolutions have been before my hon. friend.

Mr. MACDONALD: I am not complaining about yours.

Mr. WHITE: I understand my hon. friend has no complaint on that score. It is only two weeks since war was declared; and during that time the Government has been obliged to face an altered situation in which, through no fault of its own, conditions have developed which could not be foreseen, whereby the revenues that we expected to derive will be substantially reduced and on the other hand our expenditures will be very materially increased. It is not necessary to go into details, because my statement yesterday gave all the necessary information to the House. We are in the initial stage only of what may be a long-drawn-out war, although we all hope that it will not be; and it may be that the Government will have to take many important measures to meet the conditions that may lie before us. For the present it is my object to devise such expedients that the taxation which we now lay upon the people will be moderate and general in character. The fiscal measures which I proposed yesterday will cast upon the people of Canada for the year only a small fraction of our increased military expenditure. I resorted to the expedient of increasing the Dominion note issue in order to enable us to raise some fifteen million dollars which we might not be able to borrow. We shall have the hon. member for Pictou, (Mr. Macdonald.) It would have been open to the certain. We canvassed the whole situation. We took into consideration the sources of revenue drawn to our attention to-night by the hon. member for Pictou, (Mr. Macdonald.) It would have been open to the Government to propose a stamp tax upon bills of exchange, promissory notes and cheques, and also to increase the postage rate, as he has suggested.

*Sir WILFRID LAURIER: And an income tax was suggested by my hon. friend from Red Deer (Mr. Michael Clark).

Mr. WHITE: I will come to that in a moment. In connection with the stamp tax, I would point out this to the hon. member for Pictou—and it applies to customs duties also—that there is a point beyond which you cannot go in raising duties without actually decreasing revenue. I am not at all certain that an increase of one cent in the postal rate would not have the effect of reducing rather than increasing the revenue. I say I am not certain as to that,

There is a possibility that such would be the result. I will point out also that the increase in the postal rates would fall upon all classes of the community, because in a community like Canada every family makes use of the post. As to a stamp tax upon the documents I have mentioned, it has been demonstrated that the collection of such a tax occasions a great deal of public inconvenience, and also that it casts doubt upon the legality of documents and thus causes litigation.

As to direct taxation, opinions differ as to the advisability of resorting to it. I can only say that we believe that the steps we have taken are the proper steps for the present. If in future it becomes necessary to consider other means of taxation, the suggestion put forward by my hon. friend from Pictou, the suggestion put forward by my hon. friend from Red Deer, and the suggestions as to a stamp tax and other methods of taxation resorted to by other countries, can be considered by the Government. For the present, the programme I have outlined seems to us a reasonable programme, imposing a comparatively small burden upon the people and leaving it open to the Government on a future occasion to consider other ways and means if such should be deemed necessary.

My hon. friend has stated that the duty on sugar will be borne by all the people of Canada including the wage-earners. That is true. On the other hand, my view is that the people of Canada without exception will desire in some measure, even if only in a small measure, each according to his means, to contribute directly towards this expenditure which the Government is compelled to make for the defence of Canada and the preservation of the Empire. I believe, therefore, that the taxation we have imposed will not be adversely criticised throughout Canada. I submit these views for the consideration of the House in connection with the suggestions put forward in the remarks of the hon. member for Pictou.

Mr. CARVELL: I quite realize that this is not the time to discuss the means of raising revenue or the result of any taxes proposed. Yet I fear that there are many on this side of the House and in the country who cannot agree with the minister when he puts forth the suggestion that a tax on sugar means that the people contribute to the revenue each according to his means. The difficulty is that the poor man is paying more in proportion to his means

than the rich man. If the minister were to apply an income tax, a good stiff one, graduated according to the amount of the income then he would find the people were paying according to their means, and many of these wealthy people would have a chance to show their loyalty and so gain greater credit than they can hope to gain under the taxes proposed. However, it is not that part of it I wish to discuss now, because I realize that whatever proposals the Government make on this occasion must be accepted. Before leaving this point there is another matter on which I feel like criticising the minister. I fail to see the necessity of increasing the duty on many of the items affected by what he calls the consequential duties following the principal increases. I share his idea that if you increase the duty on sugar you increase the cost of manufacture of articles produced in Canada of which sugar is the raw material. The minister feels that in order to stand by the manufacturer he should increase the duty on the finished article. But that is only another little dip into the pocket of the poor man at this very unfortunate time. In all human probability the amount of the tax which the ordinary labouring man will pay to the revenues of the country will be small compared with the amount that will go to the manufacturers. And I do not see any reason why in this time of national stress and national burden-bearing the manufacturer of sugar products should not bear a little of the burden as well as the consumer. I notice that the duty on sugar candy and confectionery is increased by one-half cent a pound—that is a protection of one-half cent a pound. It may be said that one-half cent a pound is not much. But by the time it gets to the consumer it will probably be two cents a pound, means just that much taken out of the consumer and nothing taken out of the manufacturer. While this proposal will go through, of course, I am pointing out this feature to the minister, in the hope that when it comes to the next move which he foreshadows, and which I am much afraid will have to be carried out, he may bear in mind some of the suggestions we are making and will so arrange the duties that the man with the fat bank account will be called upon to show his loyalty and make some little sacrifice as well as the man who carries the dinner pail, and still more the man who is not under the necessity of carry-

[Mr. Carvell.]

ing the dinner pail because he is out of work.

Can the minister tell the committee how much additional revenue he anticipates from these consequential duties? I do not refer to the duties on coffee, sugar, liquors and tobacco. And that reminds me to say that so far as liquors and cigars are concerned the minister, in my opinion, has been much too moderate; I would like to see the duties just as high as they will go and still produce a revenue. I realize the truth of what he said, that you may put the duties too high and so defeat your object. Tobacco is somewhat in the same category as liquor and cigars, though tobacco is as much a necessity to many people as are articles of ordinary household consumption. But, leaving out the four principal articles of sugar, coffee, liquor and tobacco, can the minister tell us how much additional revenue he hopes to obtain? And can he tell us the quantity of these different classes of goods affected by these consequential duties manufactured in Canada? If we had to consider only the additional revenue to the country it would be perhaps a small matter, but we have to remember that there will also be large payments made to the manufacturer. If we had these figures, we could judge the effect of these taxes upon the people.

Mr. WHITE: I am unable to give my hon. friend the information as to the quantity of these products manufactured in Canada, but I can give him the importations. My hon. friend will realize that the manufacturers of Canada engaged in the production of the commodities upon which we have been obliged to impose what are known as consequential duties are employers of labour, and, as they are in competition with the rest of the world, it would not be fair to them to increase the cost of their raw material without at the same time giving them a consequential increase in tariff.

Mr. CARVELL: They would have a chance to show their loyalty.

Mr. WHITE: My hon. friend must remember this—and I have no doubt he will—that these manufacturers themselves are large consumers, just as is my hon. friend. They use sugar; possibly some of them use liquor and smoke cigars—and they will all pay. Sugar is not by any means the only article upon which we have imposed a tax; we have imposed a heavy tax upon liquors and cigars. My hon.

friend has expressed the view that we should have imposed heavier taxes upon liquors. I took up with our tariff experts the question as to whether it was possible to increase further the duties upon liquors and tobacco. They were unanimous in the view that we had carried them to the point from which we could expect the greatest revenue—that, if we carried beyond that point, our revenue would not increase. It must be borne in mind in connection with all duties on customs that there is a point beyond which if you raise the tariff your revenue does not increase, but diminishes. I can assure my hon. friend that the question which he draws to my attention has had our most careful consideration, and I express to him the conviction that the increased duties that we have imposed upon liquors are duties beyond which we cannot safely go in the interests of the revenue—because these taxes have been imposed solely with a view of obtaining additional revenue. I am sorry that it is necessary to impose these consequential duties but I feel that it is not necessary for me to go into that question at length, the matter has been so often discussed in the House. Grave injustice would be done to manufacturers, the cost of whose raw material has been increased, unless they were given an increase which would even matters up.

Mr. MACDONALD: Has the minister considered the question as to what revenue could be obtained by the imposition of a duty upon fancy matches? That has been made the subject of a war tax in many countries. Then, again, I am sure that the minister must have considered the wisdom of imposing an export duty upon pulpwood and pulp. The cost of paper abroad might well serve the purpose of contributing to our revenue. Our great natural resources in that respect will be drawn upon particularly at this time, by reason of the extra demand for paper arising in other countries. Has the minister considered these two sources of revenue in preference to the placing of an additional tax upon sugar?

Mr. WHITE: The first suggestion of my hon. friend has been before me; the imposition of a duty of say a cent a box upon matches by means of a stamp tax was discussed in a general way by myself and our tariff experts. There are two considerations involved in this question. In the first place, every one in Canada uses matches. Of course, the tax would be small.

Mr. MACDONALD: I was speaking particularly of what are known as fancy boxes of matches.

Mr. WHITE: Having regard to the revenue which we thought we could raise from it, to the fact that that revenue would have to be collected by means of a stamp tax, to the fact that it would be borne by all members of the community, and to the programme which we are presenting to the House, we decided that for the present it was not necessary to resort to this source of revenue. It is possible that such a tax may in the future be adopted, should occasion require. So far as an export duty on pulpwood is concerned, that matter was not under my consideration, but I shall be glad, of course, to take it into consideration in connection with any future action that we may have to take for the raising of revenue of a special character connected with the war.

Mr. CARVELL: Has the minister considered what revenue might fairly be obtained by putting a stamp tax on patent medicines? An enormous quantity of patent medicines are used in this country; indeed, sometimes I think that a great deal more are used than the country really requires. I can remember the time when such a tax was imposed in the United States; I think it was during the Philippine war. Has the minister taken the trouble to inquire into the possibility of obtaining a revenue from that source?

Mr. WHITE: I have not gone into the question, although it has been before me in a general way—not on this occasion, but in the past. I would point out to my hon. friend that the duty upon patent medicines is already reasonably high, and that a great part of the community are very much addicted to the use of patent medicines. It has been said, and truly said, that man is a medicine-taking animal, and I am afraid that it might be unwise to impose what might be regarded as a heavy tax upon patent medicines in general use. The suggestion, however, is worthy of consideration.

Mr. MURPHY: Before the debate loses the flavour which my hon. friend the Minister of Finance has imparted to it by his discussion of the duties on sugar, perhaps he will allow me to say a word with regard to a kindred subject, the production of honey. One of my constituents has forwarded to me a circular letter sent out from the agricultural college at Guelph and ad-

dressed to the residents of Ontario who are engaged in the keeping of bees. Possibly my hon. friend has received one of these circulars; in any event I have been asked by a constituent to draw the attention of the Government and of my hon. friend to one or two paragraphs in this circular. They are brief, and in reading them I shall not detain the committee at any length. The circular opens with this statement:

The war situation has brought on a very grave menace to the beekeeping industry in Canada owing to the difficulty dealers are having in filling orders for sugar. The honey crop of 1914 is almost a total failure. Many colonies of bees will soon be in a starving condition and many thousands will die of starvation before next spring unless they are fed.

Then, after pointing out from the experience of those engaged in the industry that it is dangerous to feed honey to bees, owing to the frequent occurrence of bacteria, the circular proceeds:

It is therefore urgent that every person interested in the preservation of the beekeeping industry in Canada at this time should write or telegraph immediately to his member at Ottawa while the House is in special session, urging him to see to it that such action be taken as shall be necessary to insure a supply of granulated sugar to the beekeepers for feeding their bees properly for winter.

A further paragraph is in these words:

In writing it should be pointed out that human beings and the domestic animals have a great variety of food from which to select—bees have only the one. Also that the feeding will need to be done within the next six weeks. For our Government to miss making special provision for the bees at this time might result not only in a heavy financial loss to thousands of beekeepers (there are 10,000 in Ontario alone) but by great cruelty by starving to this particular form of animal life.

I would ask my hon. friend if the facts set forth in this circular have been drawn to his attention. Whether that be the case or not, I would invite him to express an opinion with regard to the request that is contained in the circular, extracts from which I have just read.

Mr. WHITE: The matter was brought to my attention to-day, but I think it has no serious bearing upon the question of the tariffs that we are considering. The additional duty upon sugar would not be a very important amount for the keepers of bees, provided they could get the sugar, and I assume they will be able to get it. Of course, they are apprehensive about their supply.

[Mr. Murphy.]

Mr. PROULX: I would have preferred that the increase of customs duty on granulated sugar had been less and that an excise duty had been put on the Canadian manufactured sugar. The Canadian manufacturer will now have the advantage over the foreign manufacturer; he will enjoy the protection and the consumer will not get the benefit.

Mr. HENDERSON: I am not one of those who complain about the increased duty on sugar or who think it will raise the price of sugar inordinately. I think sugar is one of the cheapest articles of food we have: it is one of the articles that can bear taxation, and I appreciate what the Minister of Finance has done in raising revenue in this way. I can remember forty years ago when we did not complain very much when we got granulated sugar at about eight pounds for a dollar. Latterly we had been buying twenty pounds for a dollar. It is a cheap article. I suppose it is reduced now to perhaps sixteen pounds for a dollar, but it is still cheap.

Mr. CARVELL: It is down to ten or twelve pounds for a dollar.

Mr. HENDERSON: That may be down in New Brunswick, but up in Ontario the people have a conscience, you know. I had a communication from a beekeeper this morning along the same lines as that which has been read by the hon. member for Russell (Mr. Murphy). My correspondent is afraid also that his bees are going to suffer. It is not the price he complains of, but the difficulty of getting a supply, because the dealers in his section of country refuse to sell him more than twenty pounds, and he says he will require a great many pounds to keep his bees over for the next six weeks. He wanted me to get some action by the Government to enable him to procure sugar, perhaps to compel those who had the sugar to sell it to him. Seeing his difficulty, I advised him to go to Hamilton, near which city he lives, go to a goodly number of dealers and buy his twenty pounds from each dealer. More than that, I suggested that he might get his neighbours who had no bees to accompany him and buy all the sugar they could get. I have no doubt the man will take advantage of my suggestion and will be able to keep his bees through. I am aware that sugar is being sold in limited quantities. I think that in some parts of this country that is overdone. In Winnipeg, where I was some ten days ago, I was

told that you could not buy a barrel of sugar, that the wealthy people had bought up the sugar and were storing it away. That is a kind of panic that will pass off in a week or so. People will come to their senses and will see the impropriety of such a course.

Mr. TURGEON: No member is more anxious to assist the Government in putting their measures through than the hon. member for Gloucester (Mr. Turgeon). I belong to a province upon which my hon. friend who has just taken his seat seems to have cast the imputation that every one in it is without a conscience. I must say that I am one who feels that he has a conscience. I have a conscience especially for my poor farmers and fishermen who in the carrying on of their hard pursuits have to use sugar for themselves and families. Sugar is a necessary food which cannot be replaced except by other ingredients which are more costly. I was surprised to hear the hon. Minister of Finance say yesterday that sugar had been among the very first articles to be taxed. I would have expected that the increase of customs on spirituous liquors would have been much greater than the minister and the Government have made it. It is true I have heard the minister say that he has consulted experts and has been advised that if he raised the tariff any higher it would stop the increase of revenue. I do not intend to compare my experience and consultation with experts with that of the Minister of Finance, but in my belief, after having consulted my people before coming to Ottawa on this very question, the higher the Government makes the duty on spirituous liquors, removing it from articles of food and necessity such as sugar, the more he will meet the wishes of the people at large and he will certainly not stop the increase of revenue. People who must have liquor will get it at any price. It may be said that it is often used medicinally, but any person who uses it for that purpose will be willing to pay a little more for it. I hope if it is at all possible that the Minister will still reconsider the imposition of the increased duties on sugar and coffee, I would favour instead a further increase in the duty on spirits or even on tobacco. Something has been said about an income tax. I would certainly second any proposition of that kind. I agree with the Minister of Finance that an increase in postal rates would be of no consequence.

Mr. BURNHAM: Is the minister quite convinced that the people of this country wish to contribute in the way he has sug-

gested by an extra impost on sugar? Because, surely, he would not have put on that extra impost but for a desire to gratify this ambition on the part of the people.

Mr. McCOIG: While the question of ways and means of raising revenue under the existing circumstances is under discussion, I would like to draw the attention of the Minister of Finance to the following statement made by Mr. A. M. Fraser, provisional director of the Essex, Kent and Elgin Tobacco Growers' Association:

In Canada during the past year the price of all manufactured tobacco was advanced 10 per cent, while the price to the Canadian grower was reduced 30 per cent, thus increasing the profits of manufacturers more than \$10,000,000 a year. A customs duty of 30 cents a pound would produce a revenue of about \$5,000,000, and I am sure the people of Canada will appreciate a tax upon tobacco in preference to any additional taxes on the necessaries of life.

For the benefit of the House and the Finance Minister in particular, I may say that the last report of the Department of Trade and Commerce shows that there was imported into Canada in one year 13,753,141 pounds of raw leaf tobacco. If a tax were put on that article, it would not only encourage the tobacco industry in Canada but assist in giving us the revenue which I feel satisfied the minister desires at the present time. I understand that the Bill which the House is asked to pass gives an increased protection to the manufacturer, but no increase to the producer that will put the manufacturer in a position to further dictate the price he shall pay to the Canadian producer, and will give him even greater advantages over the American manufacturer than he now has. If the minister would consider a further tax on the raw leaf tobacco coming into this country, he would not only receive the revenue which he is anxious to get, but would be encouraging an industry which up to the present time has largely been discouraged in the counties of Essex, Kent and Elgin, and I would be very glad if the minister would give this matter some consideration. I understand that the tobacco growers of the different counties have already petitioned him, as well as the Minister of Agriculture and the Minister of Inland Revenue, who I believe assured them last session that he would take up this matter with his colleagues and give every consideration possible to the tobacco growers of the Dominion.

Mr. WHITE: My hon. friend has overlooked the excise duty on raw tobacco imported into Canada. If he will look at that he will see that the interests of Canadian growers are reasonably well protected.

Mr. McCOIG: The minister will understand that directly the Canadian manufacturer is given increased protection he can lower the price he pays to the Canadian producer, because he has no competition from the American manufacturers. If the minister would consider the growers in this matter and give them a proportion of the protection, it might assist in encouraging this industry. I admit the Minister of Agriculture has been anxious to encourage it, and that a large amount of money has been spent by this Government and the late Government in endeavouring to put it on a sound basis.

Mr. WHITE: Under the resolutions relating to inland revenue, I would point out that the excise duty applies on foreign raw leaf tobacco. I understand that is a most important factor in the consideration of the question that my hon. friend has drawn to my attention.

Mr. CARROLL: While we all admit the unfortunate necessity of collecting an extra revenue for war purposes, I am one of those who think it might be raised in a somewhat different manner. Before leaving my constituency for this special session of Parliament, I was instructed by the various labour organizations of Cape Breton county to protest against any proposed increased tax on the necessaries of life. In making his Budget speech yesterday, the Minister of Finance stated that he had placed a tax on materials which would affect the people of Canada in general alike. In the first place, I want to say that in Canada our foodstuffs have increased very materially in price in recent years. I do not know that there is any particular cause for it, but it does seem a hardship that people who a month ago were paying \$5.50 or \$6 a barrel for flour should have to pay an extra dollar for it to-day. That is one of the things the Government should take into consideration: they should see that our wholesale dealers in foodstuffs and our millers are not permitted to become wealthy, in an unfortunate situation of this kind, at the expense of the common people. As for sugar, it is something that is used by all people. When the minister told us yesterday that he expects to raise \$5,000,000 from the extra tax on sugar, I considered that too much of a

[Mr. McCoig.]

hardship to place on the common people of this country. It might be said that the tax is not placed on the common people but on the nation as a whole. That is very true. In my opinion, however, the Government should see that those who pay the war tax in this particular case are those who can well afford to pay it. In this war it is the poor man who will have to shed his blood; it is the poor man who is called on to defend his country, and I do not think that he should be called on to share with his rich neighbour the burden of taxation. As my hon. friend from Red Deer (Mr. Michael Clark) very cogently put it yesterday, it is the poor man who generally has the large family, ranging from seven to ten, and if his family individually uses the same amount of sugar as the rich man's, then the burden falls more heavily on the poor than on the rich.

Then, in regard to preserved fruits and sweetened biscuits. I will not pay any attention to sweetened biscuits, but preserved fruit is the kind of fruit that is a luxury in the homes of the poor. I would rather see the duty placed upon fruit that is grown in the United States, and imported into this country and used more extensively in the families of the rich than in the families of the poor. There should be other ways of raising a war tax, of raising money to help out the mother country, and we are all anxious to help her out in her hour of distress, than by placing a tax on the food of the common people. For example, we have in this country men who are willing to come to the front and contribute \$500,000, \$20,000, \$40,000 in defence of the Empire. They are asking to be allowed to do it and they are offering contributions. Would it not be a wise thing for the Government to take into consideration the placing of a direct tax on these people and finding out how many there are in this country who are willing to say: I am the proud possessor of \$100,000 and I am willing to pay a 5 per cent or a 2 per cent tax upon that money and to give it for war purposes? That is the income tax. Then there might be a stamp tax placed upon all cheques issued or all receipts received. That would not touch so much the pockets of the poor as the pockets of the rich. I am protesting against this method of raising taxation. I am protesting against the height of the tariff on the foodstuffs of the common people. They are burdened enough now, they are overburdened, and it is a serious matter to burden them further.

The cry in Canada, according to my own humble opinion, is for cheaper foodstuffs and we are certainly not going to get cheaper foodstuffs by increasing the tariff on these commodities.

I am not making this criticism in any partisan spirit and I am not attempting to make any political capital out of this matter, but I am simply giving to this House the protests which have been lodged with me by people who have sent me here. They have asked me to protest against any tax on foodstuffs for the raising of a war revenue. I am protesting. My protest may have little weight but I am carrying out the intention with which they sent me to this Parliament.

There are a hundred different ways that one can conceive of by which a war tax must be raised in addition to the ones that I have mentioned. There is the income tax and there is the stamp tax. There might be a stamp tax placed upon every cheque that is issued by a business man. It would be no burden upon him, but if placed upon the shoulders of a man who is earning a dollar or \$1.50 or \$2 a day it would be a burden. There might be a stamp tax placed upon receipts amounting to over \$50. This would not necessarily be a burden upon the poor man, because he very seldom gets a receipt for that amount of money, and it certainly would not be a burden upon the man receiving the receipt for money paid to that extent. Then, there are automobiles imported into this country to a large extent. Why did not my hon. friend the Minister of Finance take into consideration the placing of a higher tariff on automobiles? Why did not the Minister of Finance take into consideration the placing of a higher tax upon the owners of automobiles in the various provinces? There might be a question raised that the Dominion Parliament cannot levy direct taxation, but in a case of this kind, in the case of war, the Dominion Parliament has a jurisdiction which is not only equal to and concurrent with the jurisdiction of the provinces, but even a greater jurisdiction. There have been powers taken by the Parliament of Canada, under the heading of the peace, order and good government of the country, which men at the time of the passing of the British North America Act had no conception of. They might be taken to-day, and I believe that if the Minister of Finance had taken into consideration the imposition of an income tax and of a stamp tax

on cheques and receipts and a tax on automobile owners, he would have derived a greater revenue from these sources than the sources from which he is attempting to raise it. As I said in the beginning I say in the end, that I am making this protest without any partisan purpose; I am making it because I was asked to make it by several people in this country—

Some hon. MEMBERS: Oh, oh.

Mr. CARROLL: My hon. friends jeer. If they can find any satisfaction in that so much the worse for their own minds. I am here to vote \$50,000,000 for the defence of the Empire. I am willing to vote \$100,000,000 for the defence of the Empire if it is necessary to do so, but I am here in the meantime as the representative of a constituency in this country. They have asked me to make the protest that I am making now, and if hon. gentlemen opposite by cheers and jeers intend to suggest that I am trying to make political capital out of it so much the worse for their bad judgment, I suppose there are some of them who would not like to see the rich taxed. We on this side of the House, unfortunately for ourselves and for our families, are not in that category. I have given my reasons for making the protest, I do it with the very best of intentions, and I appeal to the good judgment of the Minister of Finance. If he cannot raise this war revenue without inflicting an injury upon the poorer classes in the country, so much the worse for these poorer classes.

Mr. EDWARDS: I am sure that every person in this House has a right to represent what he believes to be the sentiments of his constituents in regard to this matter, and so long as he does so, and honestly expresses his and their convictions, I am not disposed to find fault. We will, and do, honestly differ as to the best means of raising the money that it is incumbent upon us to raise at this time. I think that my hon. friend the Minister of Finance has taken a very wise course, considering the matter in all its bearings. There may be other means by which it may be necessary to raise money later on, but I think the course which he has adopted is one which will meet with the commendation of the people generally. In discussing the question of the increase of duty on sugar, let us look at the matter for a moment. I understand that it is estimated that about \$5,000,000 of revenue will be obtained in

this way. If we take the population at 8,000,000 in round numbers and assume the average family to consist of five persons, I think that will figure out to about an average of \$3 for each family. Let us look at it in another way. We will suppose that the average family use 300 pounds of sugar a year. The increase is a cent a pound. That would only mean a tax of \$3 for each family. It is only fair to consider this matter and not to represent it as if it were going to take every dollar that the average workingman might earn during the year in order to meet the extra tariff that is imposed on sugar. The workingman does eat something besides sugar. He does not live entirely upon that, and I think that possibly I am placing the figures at the maximum when I estimate 300 pounds for the average family. One hon. gentleman says it would not be half that; but even if we put it at that figure let us look at the question fairly and see what the tax amounts to for each workingman's family.

Apart altogether from the taxes which will be raised in this way, the prices of foodstuffs have gone up. I do not agree with the hon. gentleman with regard to not finding a reason for that increase. The reason, so far as meat is concerned, is very evident; it simply comes back to the old basic principle of the relation of supply to demand.

Hon. members on both sides of the House will agree that the taxes on liquor and tobacco should be made as high as it is possible to fix them without defeating the object in view. I do not see any necessity of discussing the matter in that regard. The Minister of Finance believes that he has made the tax as high as he possibly can without defeating the object he has in view. I regret the necessity for taking these measures, but I do not think that the general public will find very much fault with the course which has been adopted by the Minister of Finance and the Government in regard to this matter.

Mr. KNOWLES: I desire to impress upon the mind of the Prime Minister a message which I am informed was sent to him from my own constituency. The sender of the message at the same time sent me a message informing me that such a communication had been addressed to the Prime Minister. The communication which I have is a telegram from the Secretary of the Trades and Labour Council of the city of Moosejaw, saying that to the Prime Minister the following message had been sent:

[Mr. Edwards.]

The Moosejaw Trades and Labour Council by special resolution adopted this date strongly urge upon you the necessity for governmental control of prices of foodstuffs during the existing war period.

B. Milligan, Secretary.

I am not going to enter into any discussion as to the wisdom of the steps which the Minister of Finance has taken. The money must be raised; and while I may be wrong in approving the action of the minister, as far as my knowledge goes, there is no dissent in my mind from the plan which he has proposed. I wish, however, to add my own endorsement to what this organisation in the city of Moosejaw has submitted to the Prime Minister, especially from the viewpoint of the western consumer. Times in the district from which I come are far from good in any event, and that, added to the condition of depression caused by the present prices, makes governmental control of prices of foodstuffs all the more necessary. So that I trust the Prime Minister will realize how very vital and important it is for the Government to use every piece of machinery that it possesses and to leave no stone unturned for the purpose of keeping to the ultimate consumer the food products at as low a figure as possible.

Sir ROBERT BORDEN: A good many communications of the character to which the hon. gentleman has alluded have been received by the Government during the past two weeks. He will appreciate, I am sure, the fact that the question is not without its difficulties, and I can only assure him that we shall give to the representations which have been placed before us the very best consideration we can, and do all that seems to be feasible and reasonable to assist in relieving the conditions mentioned in these various communications.

Mr. NESBITT: I would be very glad if the Minister of Finance could see his way not to impose a duty on sugar. Sugar is not a luxury in Ontario; it is practically a staple food. All the families that I know use sugar to a very great extent, and they will feel this duty as rather a hardship. I trust that the Minister of Finance will not have to keep this large duty on sugar for any length of time, and that he will find some other method of raising revenues.

I do not see why he could not have increased the flotation of currency by another ten million dollars. That would not have hurt the credit of

the country at all; it would have been a much readier way of raising revenue, and it would also have removed a burden from the ordinary people who use great quantities of sugar. Some one pointed out that the rich man does not use more sugar than the ordinary man in proportion to their means; and as sugar is something that nearly every family uses, I would suggest that a more ready and reasonable way of raising revenue would be to increase the flotation of currency.

Mr. J. J. HUGHES: I understand that the increase in the price of wheat has been only ten cents per bushel and the increase in the price of flour has been \$1.35 per barrel. While the Government are considering prices, that is a matter that might receive consideration. Whether the millers by combine have been able to charge the consumers about eighty-five cents more a barrel than the increase in the price of wheat would warrant is a question that should receive some consideration. The wholesale price of a good grade of flour some three weeks ago before war was declared was \$5.15 per barrel, whereas at the present time the price for the same grade of flour is \$6.50 per barrel at the same place.

Mr. LALOR: Does the hon. member make the statement that wheat has advanced only ten cents per bushel?

Mr. HUGHES: That is what I understand.

Mr. LALOR: You are quite wrong.

Mr. NESBITT: Wheat with us has advanced twenty cents per bushel.

Mr. J. J. HUGHES: That will be \$1.00 per barrel, which makes the price of flour thirty-five cents per barrel too high. I understand that millers are importing wheat from the United States, paying twelve cents a bushel duty upon it; and I have been informed that that is only an excuse and that the wheat is obtainable in Canada.

Mr. HENDERSON: Did not the hon. gentleman only last session or a few sessions ago vote for the free importation of wheat into Canada?

Mr. J. J. HUGHES: I say it would be better to have free wheat now in the interests of the consumer.

Some hon. MEMBERS: What about the farmers?

Mr. J. J. HUGHES: If the farmers are holding up the millers, expecting a higher price and taking advantage of the situation, I do not think they should be allowed to do so. I would, under such circumstances, bring wheat free into Canada. I do not think that anybody should be allowed to take advantage of the present condition of affairs to charge the people more than an article is worth. If my hon. friend is correct in saying that there has been an advance of twenty cents a bushel in wheat, five bushels making a barrel of flour, that would mean a dollar increase in a barrel of flour. I presume the Government desire to do whatever they can to assure reasonable prices to the people, and so I bring these points to their attention as showing that there is something wrong, particularly with regard to flour, one of the necessities of life.

Mr. A. K. MACLEAN: I desire to say a word in regard to the sugar duties in addition to what has been said by others. I doubt very much that the Government will receive the revenue from sugar which they have in mind, and I doubt also that the imposition of an increased sugar tax at this time will meet with favour in the country. I quite grant that sugar is always a pretty good article to tax if you desire to raise revenue by customs duty. I think that all countries of the world with the exception of two now impose tariff taxation upon sugar. It is considered by many a desirable subject for taxation, for the additional reason that the whole revenue collected goes immediately into the treasury, and there is very little cost in collecting it. However, I think that the conditions to-day are not favourable to the increased duties upon sugar. In France, Germany, Austria and Russia large quantities of beet-root sugar are produced. I do not know what their production for this year will be, but certainly it is expected by the sugar manufacturers that there will be a considerable diminution in the world's total production of raw sugar. I know it is in the minds of Canadian manufacturers of sugar that, regardless of the proposed additional tax, the price of the article is bound to go up. I was informed by one manufacturer of sugar that ten cents a pound was not an improbable price for sugar within a very short time in Canada. I think it is quite true that the manufacturers to-day are fulfilling their contracts at the prices made and are not endeavouring to increase them in working off their present stocks. But

they do anticipate a very substantial increase in sugar prices by reason of the fact that possibly a good portion of this year's beet-root sugar production in Europe will be curtailed and that next year there will probably be very little beet-root sugar grown in the most important European countries. For these reasons it is a grave mistake to impose additional taxation on sugar. I join with some hon. gentlemen in regretting that at this time, particularly under the conditions surrounding the growth and manufacture of sugar and sugar products, that the Government have sought additional revenue from this source.

Mr. H. BOULAY (Rimouski)—(Translation): Mr. Speaker, after listening to the remarks of the hon. gentlemen from Carleton (Mr. Carvell) and Cape Breton (Mr. Carroll), who both represent rural constituencies, I feel it is incumbent on me to concur in the views voiced by these gentlemen as regards the duties levied on sugar.

I am not prepared to say under the circumstances that the aforesaid gentlemen have made these remarks in a partisan spirit, for in the present emergency, every Canadian feels it is his duty to work hand in hand and help the Government to the utmost of his ability.

I realize that the task of the hon. Minister of Finance and of his colleagues has been an arduous one of late. I am aware that the hon. Minister of Finance has been called upon to prepare under rather short notice a tariff designed to meet the emergency, and that he has acted with all the wisdom possible and so as to forward the best interests of the country.

However, as stated by the hon. members for Carleton and Cape Breton, I think that the duty on sugar is of a nature to bear more particularly on the poorer classes. I am not an expert in the matter, but I think that we might possibly have managed to levy taxation in some other way, without burdening the working classes, which is the most numerous in this country.

I would have preferred voting in favour of higher duties on liquors, tobacco, fancy and toilet articles, automobiles, in a word on all such things as can be dispensed with in these critical times.

The hon. member for Frontenac (Mr. Edwards) stated a moment ago that this increased taxation on sugar should not be taken exception to as, after all, he said, it represented not more than about three dollars per family a year. That may be true, but it should be borne in mind that,

[Mr. A. K. Maclean.]

if the war is protracted, it will not be the rich man in this country who will suffer the most from it, but rather the poor. The small wage-earner will be obliged to purchase not only sugar, but many other goods that he cannot dispense with, even when they are sold at an advanced price, and that will surely happen, since importation will necessarily be impeded.

If our country feels the pinch of hard times, the poorer classes will be those who will suffer most, and those are the people whom Parliament should more particularly look after in this emergency.

What I have just stated is not for the purpose of making difficulties for the Government, for, like every good citizen, I am anxious to do my duty. We are not here to make useless speeches; this is a time for deeds, not for words, as was said the other day by the hon. member for Montmagny (Mr. L'Espérance). But I think I should be allowed to offer these few suggestions, which appear to me to be in the interest of the country and of that class of workers whom I represent in Parliament.

Mr. MICHAUD: When I was leaving home some of my constituents, who will probably not be in a position to earn money during the coming winter, asked me to approach the Prime Minister and beg of him not to impose taxes upon food products. No mention was made of any particular item, but as I see that a tax is proposed upon sugar I would ask the Prime Minister to take into consideration this message brought to this House by myself as the representative of the electors of the counties of Victoria and Madawaska. In those counties we have thousands of men who are accustomed to go into the lumber woods. These men will have no work during the coming winter. Our lumbermen get their money more particularly from the old country, and as they will not be able to carry on that trade under present conditions they will not send men into the woods at least during the coming winter.

I hope that the Prime Minister, having heard hon. gentlemen express the opinion that a tax on sugar will not be favourably looked upon by the poorer people of this country, will reconsider this question and decide not to impose any such tax.

Mr. A. K. MACLEAN: Is there any change in the excise duty on Canadian beet sugar?

Mr. WHITE: No, we have not imposed any excise duty on sugar. My hon. friend is aware that the sugar refiner gets the raw sugar and manufactures it into the refined sugar. Duties have been placed on raw sugar imported into Canada, so as to equalize the increase in the duty upon refined sugar. The beet-root sugar manufacturer manufactures from the Canadian product, and often imports a certain amount under a provision in the tariff. We gave the matter some consideration and reached the conclusion that it is not expedient to impose an excise duty on sugar. The matter will equalize itself in time. No tariff change can be made of an important character that does not work an advantage to some and impose a disadvantage upon others. What should happen is that the price of the beets should go up.

Mr. A. K. MACLEAN: When is the European beet crop harvested?

Mr. WHITE: I am unable to answer my hon. friend. I do not know that it is all harvested at the same time.

25. Chicory, kiln-dried, roasted or ground, per pound—British preferential tariff, 2 cents; intermediate tariff, 3 cents; general tariff, 3 cents.

Mr. WHITE: There is no change in that except that the intermediate is equalized with the general tariff.

Mr. MACDONALD: Where is it imported from, mostly?

Sir ROBERT BORDEN: The United Kingdom, Belgium and the United States.

25a. Coffee, extract of, n.o.p., and substitutes therefor of all kinds, per pound—British preferential tariff, 5 cents; intermediate tariff, 6 cents; general tariff, 6 cents.

Mr. MICHAEL CLARK: Would it not be more equitable to impose a percentage tax here instead of a specific tax per pound?

Mr. WHITE: In the case of coffee, the matter is not as important as it would be in the case of tea. We have made no change in the duties upon tea. We had that under consideration, but for the reasons that have been advanced here to-night—that tea is a commodity in universal use, and that an additional tax upon it would bear heavily on the community as a whole, and upon the poor as well as the rich—we came to the conclusion that we would not make any change with regard to tea. I may say that when you are considering the question of revenue, you find that there are very few sources that

give you a large revenue. One of the sources that give you a large revenue is tea; another, coffee; another, sugar; another, liquors and tobacco. If you go outside of these, the revenue you can raise is comparatively limited unless you increase the tariff as a whole, which at this time is not desirable. With regard to coffee, the price does not fluctuate so much that the objection to the specific duty is as weighty as it is in the case of most commodities. In the case of most commodities, where the price fluctuates very much according to quality, the specific duty bears more heavily upon those who buy the cheaper articles, because the ad valorem percentage is greater. I raised this question in connection with the tea tax which we had under consideration, because the price of tea does vary very greatly from a comparatively small amount, say 15 cents per lb., up to a dollar or more per lb. In practically all the countries of the world the tax upon tea is specific, not ad valorem, the reason being that, on account of the conditions under which tea is bought, an ad valorem tax lends itself easily to fraud. Then there is the question of convenience of collecting. In the case of coffee, there seems to be no weighty objection, so far as I can see, to a specific duty.

Mr. CARVÉLL: Only last evening I was discussing this question with a large coffee wholesale merchant, and the objection he was making was that in some cases you would be charging about 10 per cent ad valorem and in many other cases 20 per cent ad valorem. I was surprised to find that some kinds of coffee cost more than twice as much as other kinds which the ordinary people are using.

Mr. A. K. MACLEAN: How much revenue does the minister expect to raise from this new tariff on coffee?

Mr. WHITE: I expect to derive from the coffee tax about \$500,000.

Mr. MACLEAN: What is the extent of the importations into Canada?

Mr. WHITE: The importations of extract of coffee amount to about 200,000 lb., and of coffee roasted or ground about 430,000 lb. That is under the n.o.p. item. Then, coffee roasted or ground, when not imported direct from the country of growth and production, over 500,000 lb. Coffee, green, imported direct from the country of growth and production, and green coffee purchased in bond in the United Kingdom, 15,400,000 lb. That

is the important item; the increased revenue on that item alone will be \$459,000.

45. Milk foods, n.o.p., prepared cereal foods, in packages not exceeding twenty-five pounds weight, each—British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 27½ per cent.

Mr. SINCLAIR: On this item there is an increase in the case of intermediate tariff of five per cent and in the case of the British preferential and the general tariff of only two and one-half per cent.

Mr. WHITE: I may say that in the tariff changes we have been recently making we have been trying to equalize the intermediate and general tariff where possible, where no serious question is likely to arise under treaty or otherwise. The intention is to make this twenty-seven and one-half per cent intermediate and twenty-seven and one-half per cent general.

134. All sugar above number sixteen, Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, testing not more than eighty-eight degrees by the polariscope, per one hundred pounds—British preferential tariff, \$1.52; intermediate tariff, \$1.93; general tariff, \$1.93.

Mr. A. K. MACLEAN: What is the increase on sugar 96 degrees polariscope?

Mr. WHITE: The present tariff per hundred pounds is 72 cents British preference; 93 cents intermediate and 93 cents general; and for each additional degree over eighty-eight degrees per hundred pounds—British preferential tariff, 1 cent; intermediate tariff, 1½ cents; general tariff, 1½ cents. The result is that for ninety-nine degrees of sugar, that is, the refined commercial article, per hundred, the British preferential tariff is 83 cents; the intermediate tariff \$1.07½, the general, \$1.07½. The proposed tariff per hundred pounds is \$1.52 British preference, \$1.93 intermediate and \$1.93 general; and for each additional degree over eighty-eight degrees, per hundred pounds, British preference, 1 cent; intermediate, 1½ cents; general, 1½ cents. That means that for ninety-nine degree sugar per hundred pounds the present duty is \$1.63 British preference, \$2.07½ intermediate, and \$2.07½ general.

Mr. A. K. MACLEAN: How much is the general tariff higher under this than the other?

Mr. WHITE: The general tariff is one dollar a hundred, about a cent a pound under the intermediate and general tariffs and four-fifths of a cent under the British

[Mr. W. T. White.]

preferential. That is the effect on refined sugar. We import almost entirely under the preferential as far as the East is concerned.

Mr. CARVELL: What is the increase on raw sugar?

Mr. WHITE: On raw sugar testing 96 degrees per 100 pounds, the present tariff is 40½ cents British preferential, and 57½ cents general. The proposed tariff is \$1.03½ British preferential, and \$1.37½ general.

135a. Raw sugar as described in tariff item 135, when imported to be refined in Canada by Canadian sugar refiners, to the extent of the quantity of sugar refined during the calendar years 1912 and 1913, by such refiners from sugar produced in Canada from Canadian beet-root under regulations by the Minister of Customs, per one hundred pounds, testing not more than seventy-five degrees by the polariscope—British preferential, intermediate, and general, 88 cents.

And per one hundred pounds for each additional degree over seventy-five degrees—British preferential, intermediate, and general tariff, ¾ cents.

Mr. WHITE: Item 135a, under the present tariff, expires on the 31st of December, this year. It is part of the arrangement we have with the British West Indies which relates to the beet sugar manufacturers, who have the right up to the 31st day of December, this year, of importing raw sugar no matter whence it comes at preferential rates. We have had to increase that.

Mr. SINCLAIR: Why is no preference given in the case of raw sugar? The rate is the same for British preferential, intermediate and general, 88 cents in each case.

Mr. WHITE: Under this particular item they get in the sugar under the British preferential rate. That is part of our agreement with the British West Indies.

146. Ale, beer, porter and stout, when imported in casks or otherwise than in bottles, per gallon—British preferential, 30 cents; intermediate, 30 cents; general, 30 cents.

Mr. SINCLAIR: I would like the minister to explain why the tariff which we are imposing by items 146, 147 and 156, dates from August the 7th instead of from August the 4th, when war was declared? Perhaps there may be some reason for arbitrarily fixing on the 7th of August.

Mr. WHITE: The reason we have for dating this back to the 7th is in no wise connected with the war. It has come to our attention through the Customs and Revenue returns that abnormally large quantities of liquors and tobaccos have been taken out

of bond during the past two weeks. For the information of the committee, I shall give some figures which will show what has been done. The abnormal increases commenced about the 7th of August. Prior to that the situation was normal. The following statement gives the daily excise returns from August 1 to August 20 for the years 1913 and 1914:

	1913.	1914.
August 1.. . . .	\$ 47,111.72	\$ 42,264.31
" 4.. . . .	54,808.23	94,884.24
" 5.. . . .	224,083.20	206,441.73
" 6.. . . .	89,707.22	56,922.89
" 7.. . . .	40,369.94	45,677.10
" 8.. . . .	58,896.25	66,946.89
" 10.. . . .	47,760.30	55,240.52
" 11.. . . .	80,529.96	119,333.98
" 12.. . . .	77,548.44	80,948.14
" 13.. . . .	46,719.22	182,164.29
" 14.. . . .	159,446.11	108,095.60
" 15.. . . .	67,585.44	84,300.51
" 17.. . . .	47,388.81	197,012.73
" 18.. . . .	43,398.50	242,206.86
" 19.. . . .	98,293.52	156,633.94
" 20.. . . .	35,181.18	126,322.34

The abnormal increases took place from the 12th of August onwards. On the 13th of August, 1914, the returns were four times as large as the returns for 1913; on the 17th, nearly five times as large, on the 18th six times as large and on the 20th nearly four times as large. It is desirable that we should be fair to all concerned. A great number of dealers have taken goods out of bond in the usual course to meet the requirements of their business. On the other hand, there undoubtedly have been many who have sought to take advantage of the situation. It was known that the Government would have to impose additional taxation. The conclusion could be easily reached by experienced business men that resort would be had to an increase in the excise duties, and some have taken advantage of the situation to take out large amounts of these commodities which have been in bond. Some of what has been taken out has been sold at the usual price, some at a slight increase, and much no doubt is still in hand or in stock, and if the Government did not date this back to the 7th of August it would mean that very large sums of money would be made by certain parties who have taken goods out of bond, not to meet the ordinary requirements of their business but in expectation of a rise in excise duties. If the amounts were not large, I would not be disposed to pay much attention to it, but the Government must deal equitably and justly with the situation. It would not do to penalize all, and it would not do to collect the increased duties from

those who in good faith and in the ordinary course of business have taken goods out of bond and sold them to their customers in the usual way. The Government will have to investigate the situation through the officers of the Customs Department and do whatever may be just and equitable, but it seems to me that at a time like this, when the whole country is making sacrifices the Government would not be acting justly or fairly to itself or to the body of citizens it represents if it permitted undue advantage on a large scale to be taken of the situation which has been created by the increase in the excise duties. That is the position as it presents itself to me at the present time.

Mr. A. K. MACLEAN: If a person withdrawing goods from a customs warehouse receives no additional profit although disposing of an additional quantity, would he be compelled to pay the duty? For instance, the small dealers may have been shrewder to anticipate Government action than the wholesalers, and while the withdrawal of goods may have been very large they may not have been sold at higher prices. What would you do in a case of that kind?

Mr. WHITE: I appreciate the point that my hon. friend has made. It is quite probable that many smaller dealers, in anticipation of an increase in duties, and consequently of an increase in prices, have given their orders to the wholesalers. It is impossible to lay down any general rule. The Government must look into the whole situation and do whatever is just, fair and equitable.

Sir WILFRID LAURIER: I received from the city of Quebec a telegram signed by some of the most respectable commercial men in that city, which I will hand to my hon. friend the Minister of Finance. They make the complaint which has just been stated by my hon. friend, that they have taken out goods in the regular course of their business, that they have disposed of them and that they are subject to a very great loss. I think we have heard with great interest what has been said by my hon. friend the Minister of Finance that the Government intend to deal fairly in this matter. The difficulty is where to draw the line and how to define any rule which would apply, separating the wheat from the chaff, distinguishing between those who have been honest in their transactions and those who perhaps have not been dishonest

but who have acted in a certain way for the purpose of making some money. My hon. friend has not given us any indication of what action he proposes to take, and I am sorry to say that at the present time I do not see what action he can take under the law. The law that he is introducing now says that the revenue will be collected from such a date at such a rate. Does he think that he has the power to remit the duty to this, that and the other one? He might remit the duty to a class, or he might do it under a general rule, but I do not know how, under the law, he will be able to remit duties to an individual. This is a very serious question, and if my hon. friend could give us more information as to what he has in mind I think the committee would be obliged to him.

Mr. WHITE: My view would be that the Department of Customs should make an investigation as to the withdrawals that have taken place, and, if it appears in particular cases as it well may that goods have been withdrawn and sold in the ordinary course of business, a remission of duty should be granted to those who will have to pay the increased duty from the 7th August. On the other hand, there is no doubt that there will be many cases in which it is clearly apparent that goods were taken out of bond, not for the purpose of being sold in the ordinary course of business, but in order to take advantage of the situation; and in my view in these cases there should be no remission of the duty granted. The customs officers should not enforce the law in respect to the period between the 7th and the date of the delivery of the Budget speech until they can look into the matter fully and carefully. A deputation from Montreal waited upon me to-day and I have also received telegrams similar to that which my right hon. friend sent to me. I have indicated to all the view which I have expressed to the House. I think there is statutory power to enable the Government to deal with the situation. I think that the legislation should go as from the 7th and that the Government should redress any injustice that may result from such a retroactive law.

Mr. MACDONALD: Where does my hon. friend say that he has that power?

Mr. WHITE: The Audit Act gives the power to remit duties in any case where the Government deem it proper in the public interest.

Sir WILFRID LAURIER: Does my hon. friend believe that the Audit Act gives

[Sir Wilfrid Laurier.]

power to the Government to remit a duty to Mr. So-and-So and not to Mr. So-and-So? I think that the power is intended to apply to general cases and classes and not to individuals. I would like to know if the officers of the department think that they could deal with cases individually?

Mr. WHITE: We continually deal with individual cases, although we do strive in the Treasury Board to adopt some general principle so that there will be a rule of action. I think without question that the power exists under the Audit Act. With regard to the results which my hon. friend apprehends, on the one hand we must endeavour to do no injustice to anybody, and on the other hand we must not allow individuals to defeat the purpose of the Government in respect to the levying of taxes so essential at this time in the public interest.

Mr. PELLETIER: I have received the same telegram that my right hon. friend the leader of the Opposition has just communicated to the House from the leading merchants in Quebec. I at once communicated it to my hon. friend the Minister of Finance, and he gave me the same answer that he has given the House, that these people will be fairly treated. Moreover, I wish to draw the attention of the committee to the fact that the extra duties have not been paid which might facilitate dealing with them.

Mr. CARVELL: Does the Minister of Finance say that he would be justified in imposing the additional duty on a reasonable amount of goods that a man may have taken out of the warehouse? Take the case of an ordinary merchant who has been drawing from the warehouse a thousand dollars a day on the average, and who, since the 7th of August, has been drawing \$2,000 or \$3,000 a day; would the minister consider it fair that he should charge him the additional duty on a thousand dollars a day because that is the business which he ordinarily has done? It would seem to me more like a fine rather than a duty if you made him pay the additional duty on the whole amount of his withdrawals.

Mr. WHITE: I think my hon. friend has in mind the very same thing that I have in mind. If a merchant, in the ordinary course of business, has taken these goods out of bond and sold them in the usual way and according to his usual requirements, I am of the opinion that he should not be compelled to pay the additional tax.

Mr. CARVELL: I am afraid my hon. friend does not appreciate my point. My point is this: We will say that a merchant last year was withdrawing in the month of August goods to the value of a thousand dollars a day. This year, after the 7th or 8th of August, he commenced to withdraw \$2,000 or \$3,000 worth a day. Supposing he has withdrawn \$3,000 worth a day, would he be expected to pay the extra duty on the thousand dollars worth which represented the business which he had ordinarily carried on?

Mr. WHITE: That depends on the sales made. My view would be that if \$1,000 a day represented his ordinary sales he should not be charged upon that, and it is quite possible that he should not be charged on all the excess. It might be that some of his customers, more astute than himself, had ordered a larger amount than usual, and he might have in good faith filled that order. It is a question of fact that the customs officers will have to look into, and in regard to which they will have to make such recommendations as they deem proper and fit to do justice in the situation.

Mr. CARVELL: It is giving pretty broad power, I must confess, to the department. The Postmaster General made the statement, which we know is true, that the duty had not been paid in this case. How would the Audit Act be of any assistance?

Mr. WHITE: They would have to pay it.

Mr. CARVELL: Oh, I see; they would have to pay it and then it would be refunded.

Mr. A. K. MACLEAN: Will the minister give us the totals of his expectations of revenue from these increases?

Mr. WHITE: The memorandum which I have prepared and which I think my hon. friend asks for, is as follows: From the customs I would expect to derive for the year, based upon the importations of last year, the sum of \$8,706,672.73. Deduct from that five-twelfths, because five months of the year have already elapsed, \$3,627,780.30, leaving for the remainder of the year \$5,078,892.43. I have deducted from that one-third, for the reason I gave yesterday, namely, that it is probable that we shall have a slight decline in importations due to the war. Whether that one-third is measurable accurately or not I am unable to say. If we take off one-third, it leaves the revenue for the balance of the

year as \$3,385,928.29. On excise, the increased duties will give us a revenue for the year, based upon the commodities taken out of bond last year, of \$6,600,514.29. Deducting from that five-twelfths, or \$2,750,214.29, we get for the remainder of the year \$3,850,300, which makes a total additional revenue for the seven months of \$7,236,228.29. The House will recall that for the balance of the year I said I would raise \$7,000,000. The House will observe from this statement that the increase in customs and excise for the year based upon last year's experience would be about \$15,000,000, but the amount which we shall derive for the year commencing with this date will not be as large by reason of the decrease in importations which we anticipate.

Mr. MACDONALD: I assume that this covers all that the Government propose to offer this session in the way of the propositions relating to the raising of revenue with the exception of excise duties.

Mr. WHITE: Yes.

Mr. MACDONALD: I would like, not in the spirit of any captious criticism, to point out again, because I would not want to be regarded as absolutely agreeing with the details of this proposal, that in view of the situation in this country, of which my hon. friend the Minister of Finance takes a very optimistic view, I do not think the Government has paid special attention to the exact condition of industry in the country in framing this method of raising taxes. We are all aware of the condition that existed in Canada previous to the declaration of war. Every one who knows anything about business conditions in this country must realize—and I do not see why we should not say so frankly—that the war came at a most inopportune time for Canada in so far as our business conditions are concerned. From my hon. friend's standpoint, when he came to deal with the question of amending the tariff, it seems to me he should have taken into consideration the question of whether or not he might not have dealt specifically with some of the cases where our importations from other countries will continue and the Canadian workmen will be out of employment. I fail to see that in any of these changes which the minister has proposed that he has done anything for the Canadian workmen. I want to warn him—I think it is only right, here assembled as we are under these peculiar circumstances and having regard to the serious condition of the coun-

try, not merely owing to the war but as it existed before the war, and as it will be accentuated very seriously within the next few months—that he has failed in the proposals which he has submitted to Parliament to take into consideration the exact conditions, and that he has not done anything in the suggestions he has made to Parliament which will afford any remedy whatever for the conditions which existed before the war broke out.

Mr. WHITE: Immediately prior to the breaking out of the war there was a perceptible improvement in the conditions in Canada, due in a large measure to easier money conditions. I could establish that beyond question by the views of business men expressed in the press and otherwise and by official reports. I do not, however, desire to discuss that question now. The situation that prevails in Canada to-day is due not to the tariff but to the war which has broken out among the great powers in Europe, the effect of which is being felt not only in Canada but throughout the world. Canada has had a stream of capital flowing from Great Britain at the rate of twenty-five or thirty million dollars a month. There was probably \$100,000,000 a year coming in from the United States. Canada has had, in addition to that, the capital brought in by immigrants. Temporarily—for how long a period, I am unable to say—that stream has been cut through, and so all the undertakings of Canada, undertakings on the part of the federal and provincial governments, municipalities and corporations, have at once felt the need of retrenchment. The situation that confronts us is not a tariff situation but a situation brought about by the war and its financial consequences. One hon. gentleman has spoken of me as being optimistic. Perhaps that is not the happiest term for it. I have confidence in this country and confidence in things gradually righting themselves. The whole world is working towards that end. I do express myself as being hopeful that the first brunt of this matter for many industries, as I said yesterday, will be the worst. Now, if the hon. gentleman has it in mind that it would have been proper for the Government to have undertaken a revision of the tariff at this special session, then all I have to say is that his view is directly contrary to the view of the business community—I do not mean to say individuals of the business community, but the business community generally. It would have a most disturbing effect. The policy of the

[Mr. Macdonald.]

Government in this matter will be to watch the situation. It is only two weeks since war broke out. The Government will be prepared to take such steps as may be necessary to meet economic conditions as they arise. But I must not refrain from expressing to the House my conviction that any attempt on a large scale to radically revise the tariff at this time would make for disturbance of a situation which has been already seriously dislocated. I do not desire to enter, nor, I am sure, does the hon. gentleman desire me to enter, into a controversy about it, because that raises the fiscal question, but as he has called attention to the point, I think I should express in a general way my views. The Government will watch the situation and will be prepared to take such steps as may appear expedient and necessary for the purpose of meeting the conditions.

Resolutions reported and concurred in.

Mr. WHITE thereupon moved for leave to introduce Bill No. 9, to amend the Customs Act, 1907.

Motion agreed to, and Bill read the first time, and the second time, considered in committee, read the third time, and passed.

Mr. WHITE moved for leave to introduce Bill No. 10, to amend the Inland Revenue Act.

Motion agreed to, and Bill read the first time, and the second time, considered in committee, read the third time, and passed.

Mr. ROGERS moved:

That when the House adjourns this day it stand adjourned until to-morrow morning at eleven o'clock.

Motion agreed to.

Mr. ROGERS moved:

That this House do now adjourn, and that the order of the day for to-morrow's sitting be the same as the order for to-day.

Motion agreed to, and the House adjourned at 10.44 p.m.

Saturday, August 22, 1914.

The House met at Eleven o'clock, the Speaker in the Chair.

PROROGATION OF PARLIAMENT.

Mr. SPEAKER informed the House that he had received a communication from the Governor General's Secretary announcing that His Royal Highness the Governor

General would proceed to the Senate Chamber this day at four o'clock for the purpose of proroguing the present session of Parliament.

WAR CONTRIBUTIONS OF PROVINCES.

Sir ROBERT BORDEN: My hon. friend from Rouville (Mr. Lemieux) made inquiry about communications from provincial governments with regard to proposed assistance to be given by them to the Government or people of the mother country. Two official communications have been received by the Government. One is from the province of Alberta stating the intention of that province to make a gift of 500,000 bushels of oats, and another is from the Province of Nova Scotia advising us that the contribution of that province would be 100,000 tons of coal. We have observed in the press the statement that the province of Quebec proposes to make a gift of 4,000,000 lbs. of cheese. No additional communication with regard to that has been brought to my attention. I have no doubt that it will be, in due course. We have also had informal notice that the province of British Columbia proposes to make a gift, but I am not yet advised as to the exact nature of the assistance it desires to offer. Hon. gentlemen will have observed that the Premier of Ontario has made a communication to the press intimating that that province also proposes to offer assistance. We have not yet had official communication with regard to Ontario, British Columbia or Quebec.

CANADIAN PATRIOTIC FUND.

On motion of Hon. Robert Rogers, Bill No. 7, to incorporate the Canadian Patriotic Fund, was read the second time, and the House went into Committee thereon, Mr. Blondin in the Chair.

On section 2—list of incorporators:

Mr. PUGSLEY: I would suggest to my hon. friend that the personnel of this corporation is not sufficiently extended nor is it thoroughly representative of the whole Dominion of Canada. Another objection is that the premiers of the several provinces are by name made members of the corporation. As to the Lieutenant-Governors, I see that special provision is made in the Bill in case of change in that office. In the same way I think that the section should make the premiers of the several provinces for the time being members of the Corporation. They are made members of the corporation because they are prem-

iers, and when one of these gentlemen ceases to be premier his successor in the premiership should take his place in this corporation. I observe also that the office of the corporation is to be in the city of Ottawa. Necessarily, therefore, it is in Ottawa that the principal executive work will be done. And yet the number of gentlemen belonging to the city of Ottawa who are included in this list is very limited. One could recall to mind many representative gentlemen living in Ottawa who might very properly be members of the corporation. There is also a marked omission in this list. One gentleman in Canada has contributed half a million to this fund, and yet his name is not included here. I think that the list of names should be very thoroughly revised, and my hon. friend ought to consider whether the number ought not to be enlarged in accordance with the suggestions I have made.

Mr. ROGERS: I am sure it is the desire of everybody who has had anything to do with this proposed Bill to make its provisions with regard to the names of incorporators as wide as possible, and to add any names which it would be desirable to include. There is no objection to the hon. gentleman's suggestion with regard to the premiers of the several provinces. When we come to that clause which provides for the case of the termination of the term of office of a lieutenant governor, we shall be glad to amend it to meet the hon. gentleman's suggestion. With respect to Mr. Ross, of course there is no name in Canada that it would be more desirable to place on the list than his. He has made a very handsome contribution indeed. Of course, his contribution does not go directly to this particular fund; nevertheless there would be no objection so far as I know to his name being added to this list.

Mr. H. H. McLEAN (Sunbury and Queens, N.B.): I am sure that the names mentioned in section 2 are those of representative men of the Dominion. But I would call the attention of the Minister of Public Works and of the Prime Minister to some of the general provisions of the Bill. We all agree that this Act should be broad enough and should be put in such a condition that the objects of incorporation may be effectually worked out. Very large sums of money will be placed in the hands of this corporation. It was stated yesterday by the right hon. the Prime Minister that the Government proposed to supplement the amount subscribed

by public bodies and by private individuals so that the fund would be large enough to provide for the families of men who go on active service. It does seem to me that the corporation should be representative of the different parts of the Dominion.

Let us look for a minute at the practical working out of the objects of this corporation. The head office is to be in the city of Ottawa. Meetings will have to be held constantly in order to provide for the distribution of the fund; but we can hardly expect that all the gentlemen named in section 2 will be able to give any great personal attention to this work. For example, the governors of the different provinces, the members of the Government and the members of the opposition, would not be able to give the personal attention to the work that it would require. Therefore, only a few of the members residing in the city of Ottawa will have practical control of the fund and be active members. Amongst the names mentioned in section 2 I find only five outside of the class I have mentioned who would be active members residing in the city of Ottawa. There are named in section 2 no representative men who could give attention to the administration of the fund in the different provinces. Then, under section 8 the corporation shall have power to establish branches or local organizations. Section 14 provides for the appointment of members to fill vacancies, for the internal government of the corporation, and for the carrying out of the objects of the Act. A few of the active members, therefore, have the absolute right to name who shall be members of the corporation and who shall be their successors in office. The administration of this fund will probably extend over a number of years, and we know that in the course of eight or ten years very few of the men named in paragraph 2 will be able to take any active part in carrying out the objects of this corporation.

It seems to me that this fund should be made so representative that all the provinces, all private individuals, all municipalities, should be able to subscribe to it. We should not have one fund in one city and other funds in other cities or provinces, all of them carried on by different organizations, one clashing with the other. That was the trouble that was experienced at the time of the South African war. We had a fund in New Brunswick; there was a Dominion fund; there were funds in the different cities; and there were funds in the different provinces. A consequent clashing

[Mr. H. H. McLean.]

in the administration of these funds was the inevitable result.

How can this be avoided? I suggest that the executive or representative officers of the provinces should be amongst the incorporators, or should be active members of this corporation. It seems to me also that any person subscribing over a certain amount, say \$100 or more, should be a member of the corporation. I hope that the Government will take this matter into consideration and have a consultation with the right hon. leader of the Opposition with a view to seeing whether it can be arranged that the corporation shall be so representative that it will include representative bodies of the whole Dominion. I suggest also that the by-laws should be approved by the Governor in Council and a statement of the accounts laid before the House from time to time.

Mr. ROGERS: I think the provisions of the Bill are broad enough to embrace the various conditions in the different parts of the Dominion. It is proposed to add to section 6 the following clause, which will perhaps to some extent meet the suggestions made by the hon. gentleman:

The persons whose names are mentioned in section 2 shall constitute the provincial executive committee, and provided that ten of the said persons are present at the first meeting, the corporation may be organized and the executive committee may be selected by them, and until otherwise provided by by-law or regulation made by the executive committee, ten members of the executive committee shall be a quorum.

My hon. friend has spoken of the limited number of names from the city of Ottawa. I may say that at the meeting held the other day one of the objections advanced from other cities was that the number of names from the city of Ottawa was, perhaps, too large. Toronto and Montreal felt, and very properly so, that they should be strongly represented. The members of the committee who had charge of this act of incorporation followed pretty closely the form of the Bill that we had in 1901.

Mr. MACDONALD: I think that the suggestions made by the hon. member for Queens and Sunbury (Mr. H. H. McLean) are very apt. The far-away parts of the Dominion, if I may use the phrase, speaking from the Ottawa standpoint, are very inadequately represented in the corporation which is to administer this fund. The official governor or the premier of the province is largely occupied with duties peculiar to his particular part of the Dominion, and I think that there might be found representa-

tive men in each province who would give their services to this organization, and be the means of communication in regard to particular cases that might arise in each province. I apprehend that, on account of the number of men who are going, the necessity for this fund will be very much greater and its operations far more extensive than the case in respect of the fund which was established at the time of the South African war. It certainly would be desirable and absolutely necessary that those of us who come from the far-away provinces, either in the East or in the West, should have some active, well-known representative on the administrative body, so that we might have some means of communication on behalf of the people who come from our respective provinces. Some one suggested that members of Parliament and senators might be ex-officio members of the corporation. I am not prepared to say that I agree absolutely with that suggestion.

I do think that there ought to be local recognition of men from the various provinces in order that this plan may work out satisfactorily. As a matter of course, the names of Mr. J. K. L. Ross and Mr. John C. Eaton whose subscriptions already have been of such a magnificent character, should be included in the list of incorporators; but, as we are all anxious to have this scheme put on a proper basis, the personnel of the incorporators, the names set out in section 2 of the people who are to compose the corporation, should be extended in some degree in order to attain the object which has been suggested by my hon. friend.

Sir WILFRID LAURIER: This Bill, as has been stated by the Minister of Public Works, is almost a reproduction of the Act passed in 1901, at the time of the South African war. The objection was taken at that time which has just been stated by my hon. friend from Queens and Sunbury (Mr. H. H. McLean), that in that respect the Bill had not given satisfaction in the section of the country which he represents. And there is force in his objection. I can see, however, that at this stage, as we expect to prorogue this afternoon, it is perhaps difficult to make any suggestion which can be embodied in the present Bill. I suggest to my hon. friend that he take into consideration the suggestion of the hon. member for Queens and Sunbury, and perhaps at the next session we might amend the Bill in that direction.

Mr. ROGERS: There is provision in section 14 for the addition of names to the corporation. With that in view we shall be able to meet the suggestion of the hon. gentleman opposite of the addition of the names of any persons whom it is desirable to add.

Section agreed to.

On section 3—objects:

Mr. McKENZIE: The word 'relatives' of the absentees might be a cause of worry. Parties might require assistance who are not relatives. The word 'relatives' is not defined in the Bill. In the province from which I come there has been difficulty in assisting parties who deserved assistance, because they were not technically relatives, as in the case of a man who has an adopted son.

Mr. ROGERS: That point engaged the attention of those who had charge of the preparation of the Bill. The word 'dependents,' which was used in the Bill of 1901, caused a great deal of trouble, according to those who had the practical administration of the fund. The word 'relatives' seemed to cover as wide a range as was desirable.

Mr. A. K. MACLEAN: An hon. gentleman behind me suggests that it should read 'relatives by birth or adoption.'

Mr. McKENZIE: In Nova Scotia we have found that under the Workmen's Compensation Act the person who takes the place of a father, and brings up a son, can not claim anything, as he is not a relative.

Sir ROBERT BORDEN: I should not imagine that there would be a great many of such cases, and I would be inclined to think that possibly they might be covered by this wording. In any case, if occasion were found, it would be a very simple matter to amend the Act to cover deserving cases.

Mr. MICHAEL CLARK: The point raised by the hon. member for Cape Breton (Mr. McKenzie) is not a large point, but it is a very cogent point, and I think we ought to have assurance from some legal member of the Government that the specific case would be covered by the term 'relative.' Otherwise the word 'relative' is not sufficient.

Sir ROBERT BORDEN: I think it might pass in the present form, as it has been recommended by the committee in that

form. This matter could be taken into consideration. Certainly cases such as have been alluded to by my hon. friend from Sunbury and Queens (Mr. McLean) ought not to be passed over. It will be a very easy matter to make any necessary amendment afterwards.

Section agreed to.

On section 14—by-laws and regulations:

Mr. H. H. McLEAN: I would suggest an amendment to paragraph 14, providing that the by-laws, rules and regulations made by this corporation shall be approved by the Governor General in Council. We do not know what rules and regulations they may make, and I think it would be only right for the Governor in Council to have some control over the by-laws and regulations made by this corporation.

SIR ROBERT BORDEN: With all deference to my hon. friend, I hardly see the necessity of that. It seems to me that every necessary safeguard has already been provided, and I think the membership of the Association, as set forth in section 2, representing both sides of this House and the Senate, is a sufficient guarantee that the by-laws will be reasonable and effective.

Section agreed to.

On section 16—dissolution of corporation:

Mr. A. K. MACLEAN: Inasmuch as a large number of the members of the corporation are now in the House, I would like to make a suggestion although not in the way of an amendment to the Bill. In soliciting subscriptions for this fund, I think its purpose should be made clear to the public. It is to secure funds for the dependents of men who have enlisted for service abroad. I think it is quite clear that the amount of charitable work that will be required in Canada within the next few months for persons dependent on men outside of those enlisting will be greater than that in connection with this fund, and one can easily see how the public might be deceived and imposed upon. I think no subscriptions should be taken without the subscriber distinctly understanding the express destination of his subscription. I would imagine that the average person in Canada would think that the object of this corporation was to distribute funds for general charitable work. The purpose of the corporation is of course expressed in the Bill, but I fear the public will not be aware

[Sir Robert Borden.]

of it, and I suggest that the corporation take very great care to let subscribers know the actual purpose of this fund so that its objects will not be confounded with other charitable work.

Mr. ROGERS: The suggestion of my hon. friend seems to be all right, and I shall be pleased to bring it to the attention of the members of the corporation.

Mr. DEVLIN: Does section 3 of this Bill cover the cases, say, of the men who serve on the Niobe or the Rainbow, and of men who may be on active service not outside of the Dominion of Canada?

SIR ROBERT BORDEN: It would certainly cover those. I was just inquiring of the Minister of Public Works as to whether that was perfectly plain.

Mr. LEMIEUX: That was the view taken the other day at the first meeting of the committee—that it applies to any man on active service during the present emergency.

Mr. ROGERS: That was the distinct understanding of the committee and of those who prepared the Bill.

Mr. LEMIEUX: The committee accepted the definition of active service as given in the Militia Act.

Mr. DEVLIN: I do not want to delay the proceedings by suggesting any amendment at this stage, but it might be well to have a promise of an amendment that the words 'may be on active service with the naval and military forces of the British Empire and Great Britain's allies,' may be held to mean, men in, as well as outside of the Dominion.

Mr. LEMIEUX: That is provided for, I think, in the definition of active service given in the Militia Act.

Mr. BOYCE: Would section 3 cover the case of Imperial naval reservists now resident in Canada who may go to the front, leaving their wives and families in Canada?

Mr. ROGERS: It was the understanding of the committee that the provisions of the Bill were broad enough to cover such cases.

Mr. LEMIEUX: The question came up before the committee as to whether reservists of the British, French and Belgian services would benefit by this Act.

Section agreed to.

Section 2 re-considered:

Mr. HAZEN: I suggest that section 2 ought to contain the name of the Commissioner of the Yukon. Section 12 makes provision for the continuance of the Commissioner of the Yukon as a member of the corporation, but his name is not mentioned in section 2. I move that the name of the Hon. George Black be inserted after the name of Sir Richard McBride in section 2.

Amendment agreed to.

Mr. LEMIEUX: When the committee met for the first time the other day, it was suggested that the press should be represented on the committee. The name of Sir Hugh Graham was mentioned, and I suggested the name of Hon. Trefflé Berthiaume, proprietor of La Presse, which has the largest circulation of any paper in Montreal. That was agreed to by the committee, but I do not see his name here, and I would suggest that it be added.

Mr. ROGERS: The name of the Hon. Trefflé Berthiaume was suggested, as were also the names of Mr. E. R. Wood, who is treasurer of an organization that is already working in Toronto, Mr. Ross, who is treasurer of the fund in Montreal, and Sir William Mulock, and I would move that these names be added.

Amendment agreed to.

Mr. MACDONALD: I would like to get an assurance before this clause passes that the suggestion of my hon. friend from Queens and Sunbury (Mr. H. H. McLean) and of myself that some of the representative men of the smaller provinces of the Dominion should be included besides the Lieutenant Governors and the Premiers will be adopted. I do not mean to say that it is necessary that the Bill should be amended now. If the minister would say that that phase of the question will be considered, it would be satisfactory.

Mr. ROGERS: It will be carried out under section 14.

Bill reported.

Mr. ROGERS moved the third reading of the Bill. He said: The committee which has had in charge the fund that was organized in 1901 met the day before yesterday and adopted the following resolution, moved by Sir Geo. Foster and seconded by the Hon. Robert Jaffray:

That all moneys, property and securities now belonging to this association be transferred and assigned to the Canadian Patriotic Fund in

order that the said moneys, property and securities may be utilized for the purposes for which the said Canadian Patriotic Fund has been established, provided that the obligations, liabilities, and debts of this association be assumed by the Canadian Patriotic Fund up to the amount transferred to it under the provisions of this motion.

I may say for the information of the House that the amount so transferred is \$79,000. The obligations that are attached to that do not appear to be more than \$3,000 or \$4,000, so that the fund will start with that amount to its credit.

Mr. PUGSLEY: I would like to ask the hon. Minister of Public Works if all the beneficiaries under the fund of 1901 have been provided for; because the moment this Act goes into operation none of these moneys can be used except in aid of future beneficiaries.

Mr. ROGERS: That is provided for and that is what is meant by the term 'obligations.' It is provided in our Bill that we assume that fund and assume the obligations under it.

Mr. PUGSLEY: I rather thought that obligations would mean legal obligations.

Mr. ROGERS: No, there is no legal obligation.

Mr. PUGSLEY: I would rather think that in law, the moment this Bill passes, that fund is transferred to be there for the benefit of men who serve in the future, or of their families, and that the corporation could not legally apply any portion of the fund to the assistance of past beneficiaries. I would hope that that has all been provided for, or will be provided for, if the fund is to be transferred.

Mr. ROGERS: That has all been provided for.

Mr. DEVLIN: I would like again to call the attention of the Minister of Public Works to section 3. If it is the intention of the committee to benefit those on active service within the Dominion, I feel very strongly that there is nothing in this Act which would empower them to do so. If the words were simply 'may be on active service,' then we could understand this to be upon active service as understood in the Militia Act of Canada. The Militia Act says:

'On active service,' as applied to a person subject to military service, means whenever he is enrolled, enlisted, drafted or warned for service or duty during an emergency, or when he is on duty, or has been warned for duty in aid of the civil power.

But there is added to that the special provision in this new Act that he must be 'on active service with the naval or military forces of the British Empire and Great Britain's allies.' I feel that this would not make it apply to the men who are upon active service within the Dominion of Canada.

Sir ROBERT BORDEN: I was rather impressed by the point which my hon. friend (Mr. Devlin) mentioned, and I suggested it to my hon. friend the Minister of Public Works a few minutes ago, the point being that the words 'on active service' are qualified by certain words which follow. He informed me that in the opinion of several eminent lawyers who are members of the committee that clause in its present form would cover all. Certainly that is the intention of the committee and the intention of the House. It might be made absolutely certain by putting it in the following form:

On active service whether with the naval and military forces of the British Empire or Great Britain's allies or otherwise and whether in Canada or abroad.

Mr. LEMIEUX: Is there not a redundancy in the drafting of that clause—naval and military forces of the British Empire or Great Britain's allies? I should say that the words 'Great Britain' are sufficient—one or the other. There is no such state in parliamentary phraseology as the British Empire. War has been declared by Great Britain and war has been declared against Great Britain. I do not think that the clause reads as it should. There is a redundancy, and one of the two expressions should be eliminated.

Mr. ROGERS: I think it was understood by the committee that by inserting the words 'British Empire' they were giving the clause the widest possible range, although by the lawyers present the argument was advanced that the words 'Great Britain' should be used for the reason that it was not the British Empire but Great Britain that had allies.

Sir ROBERT BORDEN: It has been recommended to us in this form by the committee. There is no doubt whatever about the intention of the committee or of the House. Under the circumstances perhaps this Bill might pass as it is, although I am bound to say I am very much of the same opinion with regard to it as my honourable friend from Wright (Mr. Devlin). If any question should be raised, the Bill could easily be amended at another session.

[Mr. Devlin.]

Mr. ROGERS: I would like it to be clearly understood by the members that it was the intention of the committee drafting this Bill that it should be wide enough to cover the services of Canadians at home. If it is not wide enough, I am sure the committee will ask the House to remedy that at another session.

Motion agreed to, and Bill read the third time and passed.

NATURALIZATION ACT AMENDMENT.

Hon. C. J. DOHERTY (Minister of Justice) moved second reading of Bill No. 8, to amend the Naturalization Act, 1914. He said: When we passed the Naturalization Act last session, adopting the British Nationality and Naturalization Act, it was done before the home parliament had passed their legislation. We adopted it as it then stood. The parliament of the United Kingdom have since made two amendments in their Act; and it is desirable, as our Bill was intended to adopt their Act, and moreover as I think the amendments themselves will improve the Bill, that we should adopt those amendments. A message has been received from the home government expressing their desire that we should adopt those amendments at this session. They have regard to the status of married women as affected by their marriage.

The first amendment provides that, where a woman who was a British subject previous to her marriage loses her nationality by marrying an alien and the marriage is subsequently dissolved, either by the death of her husband or otherwise, in order to recover her original nationality, the widow or woman concerned shall not be required to fulfil the period of residence; that is to say, she may again become a British subject without putting in the five years residence. This amendment brings her position in this respect back to what it was under our law before it was amended.

The other amendment is also with regard to the status of married women. While it does not affect the rule that a woman by her marriage assumes the nationality of her husband, it protects her against changes in nationality which her husband may make during the marriage. Where a woman marries a British subject and that British subject after the marriage changes his nationality, she shall be entitled to retain her nationality by declaring her intention so to do. This last amendment required the insertion in the paragraph about regu-

lations the word 'retention' of British nationality.

Mr. PUGSLEY: I am very glad indeed that the Minister of Justice has introduced this Bill. At the last session of parliament, when the Naturalization Act was passed, I urged as strongly as possible that a woman should have certain freedom as to her naturalization. I am pleased to observe that by section 2 it is provided that where the husband becomes an alien the wife shall not necessarily become an alien also, but that she may file a declaration and preserve her British nationality. At the last session my hon. friend quoted with great satisfaction to himself that old Scripture saying, 'Thy people shall be my people and thy God my God,' and the Minister of Justice therefore urged most strongly that the nationality of the wife should be that of the husband. My hon. friend has received important education upon the subject of the status of married women during the recess. The Government has been receiving education along other lines as well during the last few months. I need not go into details, but the education they have received will be of value to the people of this country.

Mr. MEIGHEN: Along what lines?

Mr. PUGSLEY: It is along the lines of knowing how to defend the ports of Canada and the trade routes of Canada, I am glad to observe now that the Minister of Justice is disposed rather to abandon the old saying which he quoted last session and to recognize the growing movement of the present day in behalf of the emancipation of married women.

Mr. DOHERTY: I have not abandoned the principle that the people of the husband should be the people of the wife. The second amendment is only to entitle the wife to retain that position as belonging to the people of her husband even when he wants to abandon that people. She is not called upon to follow him in the abandonment of his people; she may retain the nationality that originally came to her by her marriage. I am glad, however, that the hon. member finds such gratification in the modification, and I am quite free to say that the modification is fairer to the woman than was the original law. We on this side of the House are not of the class of people who can neither forget anything nor learn anything. We are willing to say that we have learned something, and hope to learn more.

Mr. PUGSLEY: And have plenty to learn.

Mr. DOHERTY: Have plenty to learn; almost as much as the hon. gentleman.

Motion agreed to, and bill read the second time.

The House went into Committee on the Bill, Mr. Blondin in the Chair.

On the preamble:

Mr. DOHERTY: There is a slight transposition of words in the preamble, and I should like to amend it by striking out after the words 'United Kingdom' in the fourth line, the words, 'on the 7th day of August, 1914,' and by inserting these same words after the words, 'His Majesty,' in the seventh line.

Amendment agreed to, Bill reported as amended, amendments concurred in, and bill read the third time and passed.

GOVERNMENT INSURANCE OF SHIPPING.

Mr. A. K. MACLEAN: I think we were promised a statement by some member of the Government with respect to the assumption of war risks on shipping.

Sir ROBERT BORDEN: With regard to that, I said that the Minister of Trade and Commerce (Sir George Foster) had the subject under consideration and had conferred with certain gentlemen with a view to obtaining the necessary information concerning it. I am not aware whether he is in a position to make a statement to-day or not.

Sir GEORGE FOSTER: A system of state insurance has been inaugurated by the British Government with which my hon. friend is probably familiar. It is worked through the medium of shipowners' associations and clubs. The Government of Great Britain assumes 80 per cent of that insurance, 20 per cent being assumed by the association which gives the insurance. This is open to ships of British registry and is also extended to ships of colonial registry.

Mr. A. K. MACLEAN: Do the public understand that?

Sir GEORGE FOSTER: The information is being made public as rapidly as possible. It was rather a complicated arrangement that was made upon the report of the Committee which was appointed for that purpose, and the English papers giving an account of the matter in full have now reached the various commercial organizations in our

cities, and I think the matter is thoroughly understood by those in the different ports who are interested. This, of course, is for war-risk insurance and for nothing else. With reference to the rates for war-risk insurance, they were very high at first, but they have come down to more normal proportions. The ordinary insurance organizations are insuring war-risks at a low percentage. I understand that in Montreal yesterday and the day before the rates were as low as two per cent, and even one per cent, which is not immoderate. The minimum and maximum rates fixed under the state insurance scheme were respectively one per cent and five per cent. The great difficulty that has confronted transport from our ports as well as from the ports of the United States has not been so much war-risk insurance as the state of exchange, which made it practically impossible at first, and difficult afterwards, to secure advances against ships' papers. The situation in that respect is materially changed for the better, and my information from Montreal, where this business practically centres, is that matters are resuming a normal condition. There is no lack of vessels offering for the carrying trade, and loading and transfer, I am assured, are now fully under way. I think that the congestion which has heretofore been apparent, and which at first was very acute, is rapidly diminishing, and that matters are resuming their normal condition.

Mr. SINCLAIR: Will the minister state whether the Government guarantee applies to the owners of ships or only to the underwriters in England?

Sir ROBERT BORDEN: So far as the papers show, the insurance goes to the owners of the ships.

Mr. SINCLAIR: Is there any limit to the tonnage of the ships to be insured under this system?

Sir ROBERT BORDEN: The vessels insured under the state system are those which have the quality and class to be insured by the ordinary insurance companies.

Mr. SINCLAIR: Will that apply to the coasting trade of Canada?

Sir ROBERT BORDEN: It does not apply to anything but the oceanic trade.

At one o'clock the House took recess.

The House resumed at three o'clock.

[Sir George Foster.]

MILITARY AND NAVAL SUPPLIES.

Mr. CARVELL: I understood the Minister of Militia to say that all military supplies will be purchased, as far as possible, by tender and contract, and that all persons having goods to sell will have a chance to offer them and to sell them if the prices are right. Can we have the same assurance from the Prime Minister, in the absence of the Minister of Naval Affairs, that goods supplied to the navy will be bought under tender and contract?

Mr. SINCLAIR: I have been informed that the purchase of supplies in Halifax for naval purposes has been made without tender or contract, under the direction of a partisan committee. I should like to know whether or not that is correct.

Sir ROBERT BORDEN: The Minister of the Department of the Naval Service has instructed me to say that the department has a very careful system of obtaining its supplies by tender. In some cases, such for instance as the supply of ammunition under conditions which have recently prevailed, it is not possible to carry out that system; but when that is the case the supplies are purchased by the purchasing agent of the department in the best possible way. The statement to which my hon. friend from Guysborough (Mr. Sinclair) alluded, with regard to supplies having been purchased through or by a patronage committee, the minister informs me is absolutely unfounded. The purchasing agent at Halifax is Mr. Mitchell.

Mr. A. K. MACLEAN: Are tenders asked publicly or is the tendering confined to a patronage list?

Sir ROBERT BORDEN: I understood from the minister that tenders are called. It may be that tenders are called privately sometimes and sometimes publicly. I think that has been the practice in all departments more or less, but the minister assured me that under the practice in his department the public interests are very thoroughly safeguarded.

STATUS OF HOME FORCES.

Mr. CARVELL: I have received a number of communications from militiamen and officers asking what will be the status with regard to pensions, pay, and so on, of those members of the Militia who remain in Canada as compared with that of those who are called out for active service. Perhaps the Government can give some information on the subject.

Sir ROBERT BORDEN: So far as I understand, that is all regulated by statute. When they are called out for active service, the provisions of the Militia Act with regard to active service apply to them. I have never particularly examined the question, but I have no doubt that that is the rule.

ENLISTMENT AT PRINCE RUPERT.

Hon. SAM. HUGHES (Minister of Militia): I looked up the question asked yesterday by the hon. member for West Lambton (Mr. Pardee) regarding the officer formerly in command of a corps at Prince Rupert. This corps had been disbanded previous to reorganization as a regiment. The Adjutant General sent a telegram to this officer instructing him to organize a corps. Then the officer in command in British Columbia recognized that this officer was no longer in command, and consequently cancelled the order. The Adjutant General is now at Valcartier and I am not able to secure the papers, but I understand that he sent a subsequent telegram to this officer stating that the men would be taken just as any others.

THE CANADIAN MOBILIZATION.

Hon. SAM. HUGHES: A number of the members have expressed a very natural desire to visit the camp at Valcartier. The camp is rapidly approaching completion. The water was turned on the day before yesterday, five thousand troops moved in yesterday and another five thousand are coming in to-day. They have yet to be outfitted; we have to shoe them and get them into field uniforms. However, I feel safe in promising that the camp will be ready for inspection about the 1st of September, and we shall then be pleased to see any member of Parliament or any senator, and we shall endeavour to make them as comfortable as possible. We would like them to see just how things are going. We are not ashamed of anything we have to show, nor do I think there will be reason to be ashamed of anything either here or wherever the boys may go on active service.

Mr. LEMIEUX: Do I understand that there is a direct rail by the Canadian Northern from Ottawa to the camp?

Mr. SAM. HUGHES: Yes, and also over the Canadian Pacific railway. I may say that Ottawa is sending upwards of 1,200 men. Two contingents, the 43rd and the

Guards, are leaving about 4.35 this afternoon from the Central station, and I am sure the officers will be glad to see any members or senators who wish to be present.

Mr. A. K. MACLEAN: In the event of further Canadian troops going to the front, will the system of volunteering be continued, or will the militia be asked to go in a body?

Mr. SAM. HUGHES: I might point out that upwards of 100,000 men have already volunteered, but we are only able to take 22,000, although I am told 27,000 have got on the trains. They simply climbed on and we couldn't keep them off. So far as my own personal views are concerned, I am absolutely opposed to anything that is not voluntary in every sense, and I do not read in the law that I have any authority to ask Parliament to allow troops other than volunteers to leave the country.

Mr. A. K. MACLEAN: Does the Militia Department propose to assist the families of men who have enlisted and gone to the front beyond giving them their ordinary pay?

Sir ROBERT BORDEN: In what way?

Mr. MACLEAN: The families of Canadian volunteers.

Sir ROBERT BORDEN: I have really given an answer to that on two occasions already. What I have said is this: that private effort is being directed to that end under the organization discussed in connection with the Bill before the House this morning. I think all will agree that it would be most undesirable to discourage private enterprise. I would like to see it well directed, and exerted as comprehensively and effectually as possible. I said further that if it were necessary, as probably it will be necessary, to supplement that in any way so that the families and dependents of those who have gone to the front may be provided for, the Government will be prepared to take such action as will be necessary for that purpose.

Mr. A. K. MACLEAN: About the beginning of the war it was stated in the press that probably our Minister of Militia would go to Europe in command of the Canadian volunteers. I should like to hear whether that is the intention of the Minister.

Mr. SAM. HUGHES: I may not express my personal views on the matter, but I think I am safe in saying that whoever commands the volunteers will have the con-

fidence of the volunteers and also of myself.

Mr. MICHAEL CLARK: Since we are filling up time, I should like to say as a humble member of the Opposition that I feel we are met on an epochal day in the history of the British Empire and in the history of the world, on this last day of this short session.

I should like to say still further, speaking purely for myself as a member of the Opposition, that it is a matter of pride to me, having been born in the old land and having lived for a good many years now in this country, to be able to say that in my judgment the measures taken by the Canadian Government up to the present moment in this crisis have been characterized by energy, wisdom and effectiveness. I have the best reasons for believing that the action of the Opposition is fully appreciated as having been the most patriotic possible under the circumstances, because it was patent to everybody on the first day of this session that the Prime Minister of this country went fifty per cent further than he need have done in recognizing that Canadians were acting to-day as one man.

There is no part of the Government's action which has met with my humble and enthusiastic approval more than a declaration which the Minister of Militia made before the House met, and which he has repeated here to-day, that every man who goes from Canada goes as a free volunteer. There is a statement of fact which goes to the root of the differences which are dividing the two sides of this campaign. Every man in the British Empire feels that he is fighting for the Empire and for the flag. But he is fighting for more than that. He is fighting for the principles that are at the root of the highest civilization; he is fighting for human freedom. I should be guilty if I said a word in the way of contrasting that with what is the case on the part of our chief opponents in this struggle. I am delighted, as all Canadians will be, to hear the statement of the Minister of Militia about the splendid spirit of our people—not only the splendid spirit of the Canadian people, but the spirit which prevails throughout the whole British Empire to-day. I am sure that we are enlisting to see the struggle to a finish, and that every man of British blood or under British institutions is animated by this spirit.

I do not know whether the Government would think it necessary in a single sentence by any of its members to tell us that this spirit which is animating the men who

[Mr. Sam. Hughes.]

are climbing on the trains in their eagerness to go, animates to the fullest extent every man in the country, and that every one of them is anxious to go. I know that that is the spirit of the country, but I just think that at this moment an assurance from some member of the Cabinet to that effect would give our people heart, and would be an answer to a question which was put, I think by the hon. member for Pictou (Mr. Macdonald), the other day as to what would happen in the matter of recruiting and sending further forces after one expeditionary force had gone, if this great fight for civilization were not yet ended. I want to reiterate a belief in what is certain to be the end. I hope I shall with all Britishers caution entrance into a quarrel, and I am certainly old enough not to have forgotten the Scripture text which says: 'Let not him that girdeth on his harness boast himself as he that putteth it off.' But in the last moments of the session I would like to proclaim my opinion once more that in this fight there can be no let-up, and to it there can be but one termination—victory for what we believe to be the right.

Mr. SAM. HUGHES: I want personally to thank the hon. member for Red Deer (Mr. Michael Clark) for his very kind words. They come from the heart. It is not generally known to the House that one of his sons is in the contingent.

Sir ROBERT BORDEN: I also desire to express my appreciation of the words which have fallen from the hon. member for Red Deer, and of the spirit in which the members of the Opposition have co-operated with us in dealing with this difficult and trying situation. The responsibilities of the Government, under the conditions that arose so suddenly, were very grave, and I need not assure the House and the country that the seriousness of those responsibilities impressed itself very deeply upon my colleagues and myself. The hon. member for Red Deer has expressed the opinion that the measures which we took have been characterized up to the present time by wisdom and effectiveness. In regard to that, I can only remark that whatever the opinion may be on this subject, all the steps which we took received the best of the ability, the energy and the sense of duty that were in us, and that we took them in the clear belief that they were such as the necessity of the hour demanded.

I would like to voice, if I may be permitted to do so, the very earnest apprecia-

tion of this House, and I am sure of this country as well, of the heroic sacrifices which have been made by an ally of Great Britain in this contest—the people of Belgium. It is impossible for any of us in a country such as Canada, which has not experienced the devastating effects of war, to realize the courage, the earnestness, the fortitude, which must have been possessed by the Belgian people to make the fight which they have made so bravely up to the present and which they are continuing to make. I received a telegram only to-day from Mr. Perley, stating what the wonderful resistance made by the Belgian people, who up to the present time have borne the awful brunt of this war, has excited the greatest admiration in the United Kingdom. The feeling which prevails in the mother country in that regard is equally shared by the people of Canada. I hope that the message may be permitted to go forth that the heroic sacrifices that these people have made, and the bravery and fortitude which they have displayed, are realized to the full by this parliament and by the people of this country.

We are sending to the front a contingent of nearly 25,000 of the flower of the youth of Canada. We send them in the full confidence that if they are called upon, as doubtless they will be called upon, to undergo the ordeal of battle, they will prove themselves worthy of their country in the highest sense, and come through the trial with the same distinction as that which has crowned the soldiers of Belgium in this conflict.

Hon. GEO. P. GRAHAM: I have not, up to the present time, made any observations concerning the seriousness of the session which is now being closed. I assure you, Sir, it has not been because I have not appreciated the situation or been in entire sympathy and hearty accord with everything that has been done, but rather my silence has been due to the fact that time was the essence of the contract at this meeting of the House. We are under conditions and in a situation never before experienced in the history of our young country and possibly never expected by most of us. That Canada has risen to the occasion we are all glad to know, but nothing else was anticipated by us or by the Empire, if it was perhaps by other nations of the world. The history of Canada is not long, but its pages are covered with the record of the bravery of our sons and of their stalwart adherence to British traditions, Bri-

tish usages and British constitutional principles, in cloudy weather as well as in fair weather.

What we, the young sons of Britain, have done in the years gone by, we will do again on the present occasion. I have a personal regret that circumstances are such—and they are very serious circumstances to me—that I shall not have a personal representative in this contingent, as I otherwise would have had. Had Providence dealt with me otherwise I would have had a son in this contingent. I believe I speak for all Canadians when I say that we are not doing this solely as a matter of duty. It is a privilege that we have as British subjects, to show that we are not only loyal and devoted to British institutions, but that we are ready to defend them when attacked. We deem it a privilege to be able to stand shoulder to shoulder with those of the motherland who, we believe, in this case, are fighting for a wider extension of that freedom which we enjoy.

We may have our differences, we have had them, all free people have them, but it has gone forth to the world, Sir, to our enemies as well as to our friends, that in the hour of danger, in sight of the foe, Britons are all one from whatever part of the world they come. This is the strength of the British Empire. We cease for the moment to be Irish, to be French, to be Canadians, to be South Africans, to be Australians, to be New Zealanders. We are all these, but we are more: we are one united people, and we stand together as British subjects ready to fight for what we believe to be right and in the interests of humanity.

I just wanted to say these few words, and also to add, in the momentary absence of my right hon. friend the leader of the Opposition (Sir Wilfrid Laurier), on behalf of those on this side of the House, that we are in full accord with what the right hon. the Prime Minister (Sir Robert Borden) has said in recognizing the valour and bravery of the sons of Belgium. Here is a comparatively small country, the neutrality of which was guaranteed by the most solemn obligations, her territory invaded without warning, and her sons urging to the last moment that the neutrality which had been guaranteed should be observed. But when it became apparent that that was not to be, Belgium stood true not only to herself, but to those surrounding her; and to-day I think it is a proud thing for our young Canadians to go and fight side by side with the Belgians. As our sons gave a good

account of themselves in South Africa, I believe that when the record of the present war comes to be written, the names of Canadians will shine bright on its pages as those who knew their duty and did it.

Sir GEORGE FOSTER (Minister of Trade and Commerce): I do not feel that I am capable of saying what I would like to say. I feel at the present time a great deal more than I have the power to express. I feel the solemnity of this hour. We are meeting as a band of Canadians of different races and nationalities and languages; but never in the history of Canada have we met feeling that we were one in the same sense as at this hour of our history. That generosity which sometimes lies more or less concealed in partisan and racial disputes has burst all those ignoble bonds, and a feeling of pure patriotism, love of country and devotion to what the flag symbolizes, has come to the front disfigured by no mean or petty purpose. The last four days of this session of Parliament have vindicated Canadian public life and parliamentary life for all time to come. They have shown that it is possible for us to forget all mean and petty things when our country and its highest liberties are at stake. We leave these rooms to-day, and we may meet again in some months; but what will have happened in that intervening time? The issues of war are never certain until they are settled. It does not always happen that the right triumphs in the one battle or the one campaign. In this war nearly twenty millions of armed men will probably be face to face or within range of each other before the finality of the contest is determined. What will happen? Will the right and true prevail this time, or must there be more sacrifice and many years before they ultimately prevail? The one solemn thing for us to remember to-day is that there is more to war than the first march out of the troops, the first blare of the trumpet and the first flaunting of the flag. What there is more to war has been demonstrated in Belgium in these last thirteen or fourteen days, when their homes have gone up in flames, when their wives and their children have given over to hardship and death, and when their own bodies, as strong and valiant as ours, have been shattered by the grim weapons of war. We have not had that experience. But it may yet be ours, and my word to this House and to this country to-day is to put on the full armour of courage and confidence, not to

[Mr. Graham.]

be daunted by a temporary reverse or by a series of reverses, but to feel sure that justice will burn forth bright and strong in proportion to our readiness to make the necessary sacrifice, and as the fires of this sacrifice burn away what is selfish and base in our country, our people and ourselves.

Some of our companions and colleagues march out to-day and will go forward to the front. Let us remember with our best wishes and follow with our deepest prayers those of our comrades who are about to take the sword in defence of liberty and the right.

I cannot say more, and I should have been sorry to have said less. The time of trial is upon this country and the Empire. It will do us good in the end. God and the right will finally triumph.

PROROGATION.

A message from His Royal Highness the Governor General by the Gentleman Usher of the Black Rod:

His Royal Highness the Governor General desires the immediate attendance of your honourable House in the Chamber of the honourable the Senate.

Accordingly, Mr. Speaker, with the House, went up to the Senate Chamber.

In the Senate Chamber, His Royal Highness the Governor General was pleased to give, in His Majesty's name, the Royal Assent to the following Bills:

An Act to conserve the Commercial and Financial Interests of Canada.

An Act to confer certain powers upon the Governor in Council and to amend the Immigration Act.

An Act respecting Dominion Notes.

An Act to amend the Customs Tariff, 1907.

An Act to amend the Inland Revenue Act.

An Act to amend the Naturalization Act.

An Act to incorporate the Canadian Patriotic Fund.

An Act for granting to His Majesty aid for military and naval defence.

To these Bills the Royal Assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name, His Royal Highness the Governor General doth assent to these Bills.

After which His Royal Highness the Governor General was pleased to close the Fourth Session of the Twelfth Parliament of the Dominion of Canada with the following Speech:

Honourable Gentlemen of the Senate:

Gentlemen of the House of Commons:

I thank you for the prompt and effective consideration which you have given to measures necessary for assuring the defence of the country, for conserving the interests of our people and for maintaining the integrity of the empire in the present emergency. It is my fervent hope and my confident anticipation that these measures will prove adequate in every way for the great purposes which they are designed to fulfil.

Gentlemen of the House of Commons:

I thank you in His Majesty's name for the

liberal provision which you have made for the needs of the country in the grave conditions which have arisen through the outbreak of war.

Honourable Gentlemen of the Senate:

Gentlemen of the House of Commons:

In relieving you for the time being from the important and responsible duties to which you were summoned so suddenly and unexpectedly, I commend to the Divine protection the people of this Dominion in the firm trust that the future will continually grow brighter and that there will be a favourable and honourable issue from the war in which the empire is now involved.

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