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SPEECH

OF

SIR GEORGE FOSTER, K.C.M.G.,

MEMBER FOR NORTH TORONTO

ON

THE WAR BUDGET

In the House of Commons, Ottawa, on Monday, March 15, 1915.

Hen. Sir GEORGE FOSTER (Minister of Trade and Commerce): Mr. Speaker, I desire to thank my hon. friend from South Cape Breton (Mr. Carroll) for his courtesy. Some time in the future, when I get to be as young as he is and when he gets to be as old as I am, I will repay him the compliment very heartily.

It is not to be expected that after this debate has run its course, as it has for now about a month, anything very new can be said upon the somewhat limited questions at issue. I do not undertake to occupy a few moments of the time of the House this afternoon with any idea that I shall greatly instruct or enlighten its members. I will, however, make some few remarks, partly by way of review or restatement of much that has been said hitherto.

I thought I observed in the speech of my right hon. friend (Sir Wilfrid Laurier) that he approached the action which he proposed taking with something of a troubled conscience, and the opening part of his speech appeared to me to be a good deal like an apology for what he intended to move, and what might result from his action in proposing an amendment. He spoke of the necessity for an Opposition always maintaining its right and power of criticism. I do not think any one on either

side of the House would attempt to deprive an Opposition, or indeed any member of the House, of the right to criticise, and even in a case like this, where in a certain degree an understanding had been reached last year—not after deliberate conference or negotiation, but arising out of a general sense of what was fitting and best in the circumstances—that support should be given by all parties in the House to the offer of services of arms from Canada in the war, and the vigorous prosecution of that offer. Then my right hon. friend laid down two propositions, and, with the consent of the House, I will state what they were. My right hon. friend said:

When at the opening of hostilities in the month of August last the Government announced that it had offered the services of Canada to the Government of Great Britain, if these services should be found useful, we on this side of the House, His Majesty's loyal Opposition, the Liberal party of Canada, declared at once that to this policy we would offer no objection, but on the contrary that we would give it loyal support. . . .

We went further: not only did we give our support to the Government, but we thought it would be more in accordance with the fitness of things that we should refrain even from discussing those domestic problems which always divide a free people.

These two statements taken together sum up the position of my right hon. friend and

the party he leads. A little later in his speech he quoted from the Saturday Review in reference to certain action taken by the Opposition in the British Parliament, principally by Lord Curzon, Lord Selborne and Mr. Bonar Law. Without reading the whole of the quotation, I would like to read one or two passages. Referring to the task of an Opposition, it said:

In time of war this task mainly resolves itself into finding the right men for the work in hand, and in securing that they shall have all the support they require in material and in authority. . . . The Opposition is bound to reserve to itself the right to question the Government, to watch closely and perpetually its political conduct of the war, to express any misgiving or disagreement it may feel frankly and distinctly.

I take this extract from an article in the Evening Journal, which my right hon. friend commended:

When the Imperial Parliament met in November, "this," said Premier Asquith, "is not a proper time for dealing with any matter of domestic politics," and the view he thus expressed was taken willingly by both sides.

The article then refers to Mr. Austin Chamberlain's conduct and co-operation with the Government, and maintains that, although Mr. Austin Chamberlain could not approve in principle the financial arrangements made by the Government, he co-operated before these were made, and although he dissented from some of them, he expressed in the House his determination loyally to co-operate for the general purposes of the war. The article goes on to say:

Mr. Bonar Law held as an exception that every member and every newspaper had a right to attack any member of the government who might be doing his work inefficiently. And nobody questioned that.

These were the principles laid down and approved by my right hon. friend.

He appealed also to the practice in Great Britain which has been so generously and strikingly exemplified in the last eight months. All questions of domestic policy which had divided the parties on opposite sides and which had been the subject of dispute, have been, both by the Opposition and by the Government, taboos from Parliament since the opening of the war. Those were very vital and disturbing questions, and they were pursued in some cases with an eagerness and a thoroughness, if not with an animosity, which have seldom been witnessed in the British Parliament. When, however, the war broke out, those domestic questions were laid aside. You do not see John Redmond occupying the platforms of the United Kingdom discussing the ques-

tion of the Ulsterman and the Nationalist. That question has also been laid aside, and John Redmond has used his activities in going up and do' a through his native Ireland and other parts of the United Kingdom speaking in favour of the enlistment of Irishmen and their co-operation in the war. Another question was the Welsh Disestablishment Bill. That also was fought with great keenness and some acerbity. That has been absolutely laid aside. Non-conformists and Established churchmen have agreed that, while this war is on, that question shall not lead even to discussion, and certainly not to estrangement between the parties. Mr. Bonar Law and those who worked with him were very strongly of the opinion that a change was advisable in the fiscal system of Great Britain. That question has been fought for many years. It was still a live question at the beginning of the war, and it divided both parties very clearly and very definitely; but, since the war broke out, that too has been laid aside, and Mr. Bonar Law and Mr. Austin Chamberlain co-operate most heartily in every effort of the Government, while reserving to themselves the absolute right to criticise the political conduct of the Government so far as it relates to the war and what results from the war. The domestic questions which generally divide people have been laid upon the shelf. They have not been brought down since the 4th day of August, and they are reposing on that shelf now.

At our special session of Parliament, my right hon. friend took that same ground. A Bill was brought down to provide \$50,000,000 for the war. We raised a certain amount which was to be contributory to the war fund, and we did it by the old method which has been followed in Canada since Confederation; we placed certain tariff rates of excise and customs on various articles, and we made some changes in other rates. My right hon. friend acquiesced in our action, and his party with him. Whilst they criticised some of the items and gave some good advice, they did not divide the House; they did not prolong the discussion. We come up to this year. What has happened since last session? Is not the course taken by my right hon. friend absolutely contrary to that which has been pursued in the British House of Commons; absolutely contrary to the course which he and his party pursued last year on the war vote and on the means of raising the war vote? If my right hon. friend was right last year, is he right this year? If he appealed last

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year to the practice in the British House of Commons and if he appeals to it this year—by Caesar let him be judged; for he appeals to Caesar—and I do not think the judgment will be lenient to him from that judge, namely, the practice of the British House of Commons.

Therefore, the first point I wish to draw to the attention of my right hon. friend and his party is that they have departed from the ground which they took last year. They have departed from the practice which they last year commended by their lips and by their practice. This year they have adopted a contrary practice. The country will form its own judgment on that action. That is why I said that my right hon. friend—for whatever reasons he made his decision, by whatever pressure or whatever prospect he was induced to make such a decision—hesitated before he made it, and felt a little troubling of his conscience; and therefore his apology, somewhat lengthily, as to why he was going to adopt a different line from that which he had adopted before.

My right hon. friend traced the course of the truce, as it was called, and commended himself for having kept it. It is a truce which was established not by writings, nor as the result of negotiations or conferences, but which arose out of the spirit and wish of the people at large of both political opinions. It has been fairly well kept. My right hon. friend and his party have not appeared on public platforms discussing those domestic questions which divide us. It is true that the little official utterances—official organs shall we call them?—the breathing pores for each party, have been issued as usual; and whilst they have been fairly reasonable, they have served to keep the idea that two parties do yet exist and that they have not coalesced on all points. The newspapers, I think, have fairly exemplified the same spirit; and, up to this present debate at least, the same spirit has characterized the doings as well as the feelings of this House.

Now we have a change. I put it to my right hon. friend: is the question which we have been discussing for the last four or five weeks in this House a question of support of the war and of war measures, or has the main body of this discussion gone back to the times of 1878 and traced the history of discussion from that up to the present, in the old, old domestic issue and quarrel that has been on from 1875, and is still on it seems, as to whether protection

or free trade, or reciprocity or any other form of that domestic policy which shall govern our tariff regulations is the best for this country? That is entirely a domestic question; and this amendment on which we are to be called upon to vote is an amendment which affects absolutely and wholly a domestic question, the question of Canada's own tariff.

In the first place, the amendment, which is guarded in its terms, is based upon an artificial definition made by the first speaker on that side in this debate, my hon. friend the junior member for Halifax (Mr. A. K. Maclean). It is based upon the division said to exist between war necessities in the way of votes of Parliament and what may be called strictly home necessities. The first thing that was done when the basis of the action was laid down was to make an artificial definition—and found an argument upon it—that a certain amount of this money could be designated a war vote, while a certain other portion of it should be designated a vote for home purposes. And hon. gentlemen opposite believe that they would fulfil their whole duty and be consistent with the position taken last year if, having made that artificial definition, they affirmed that they were quite willing to pass everything in connection with that vote, which they define as necessary for war purposes, and quite willing to criticise, and to oppose, and to defeat if possible, the raising of the money, and the methods by which the money was to be obtained, on what they are pleased to call the provisions for home necessities. This amendment states—I am not quoting its exact words, but the amendment itself, the comments upon it by my right hon. friend, and the summary which was given by my hon. friend from Red Deer (Mr. Michael Clark) in the presence of his leader, runs about this way:—as to the hundred millions asked for this year, like the fifty millions voted last year, upon that we will raise no discussion, with reference to that we will bring no opposition; we will support the Government so far as that is concerned. As the debate progressed that ground was widened a little, because it was pointed out by the Minister of Finance (Hon. W. T. White) and by others, that the hundred millions did not cover the whole of even what those hon. gentlemen were willing to admit was war vote, that a certain sum would be necessary to pay the interest of the two war votes, and that another sum would be necessary to provide for pensions. And so, in the course

of the discussion, my hon. friends opposite conceded these two points and indicated that there would be no opposition so far as the principal war vote, the interest upon the war votes and the provision for pensions were concerned. The assertion was made, and the attempt made to prove it and to support it by argument, that nothing else should be included in the war vote, and that for all outside of that these hon. gentlemen were free to oppose and yet to consider themselves as supporting the Government in its war measures.

My hon. friend from Red Deer (Mr. Michael Clark) asked a question, asked it more than once: Why should Canada be affected in this way by the war? My hon. friend the junior member for Halifax (Mr. A. K. Maclean) ventured the opinion, from the slight analysis he gave of it and after the short period he had it under review, that only a small part of the diminution of public revenue was due to the war, and that the larger part of it was due to causes entirely outside the war, and that if there had been no war this would have occurred and would have to be made up. Now, in the discussion of that question it is not necessary to go into details; for I think it is plain to every man who reads and thinks that there is an effect from the war over and above what is required for preparation, equipment and maintenance of soldiers, also over and above what is required for their pensions and to pay the interest on money borrowed in this connection—that there are other consequences, other direct entailments of a war which are felt by Canada as well as by every other country and which contribute in a major way towards the diminution of the revenue and the dislocation of trade, and which consequently act as a damper upon progress and upon enterprise. Let us answer the question that my hon. friend from Red Deer asked: Why is it that Canada should be so affected by this war? My first answer is, because Canada is an integral part of the world—just as much an integral part of the world, suffering or rejoicing with the rest of the world, as the foot or the hand of a man is part of his body, to suffer or be healthy according as the rest of the organism is normal or the contrary. Never in any period of the world's history has this been so true as it is to-day. As the central forces from the heart course through every part of the body and give vitality to all, just so to-day the central forces of the world percolate,

permeate, find their way into the most remote ramifications of the life of every closely-connected portion of the world. To say that Canada would not be profoundly affected by this war except to the extent of the direct financial burden which she imposes upon herself by reason of her participation in it, is to say what I think will not hold for a single moment in the forum of public opinion. I have had a good deal to do with what has been going on in connection with the war, and I confess that I do not fully feel the responsibilities connected with or realize the consequences which are being and will be entailed by its occurrence. With equal truth it may be said that every member of this House, intelligent, thoughtful, studious as he may be, has as yet but looked over the edge of the precipice, as it were; he knows very little about the seething forces that are beyond him, the effect and influences of which are yet to be felt not merely in Canada, but in the whole, wide world. So I say that it is necessary for me, for all of us, to think this matter out item by item and part by part in order that we may be fairly and adequately seized of what is meant by the greatest war in the world's history; by the most unprecedented course of events that the world's historians will ever have attempted to record.

In the first place, when war broke out, capital was affected. The borrowing power of this country abroad was absolutely cut off. Borrowing power in Canada itself was restricted, restrained and diminished, from the highest circle of borrowers down to the smallest unit. In the present constitution of the world; in its vital union; can a thing like that take place without having a tremendous effect upon the business and other relations of all countries? When war broke out, the credits of the world suffered collapse. As borrowing was stopped, so credit ceased. Foreign credits were no longer given; in every country credits from the highest circles down were curtailed and diminished. Any thoughtful man knows what that means.

What happened to securities in that juncture of circumstances? Every security, from the highest to the lowest, dropped in value; hundreds of millions of them became absolutely useless as instruments of credit. So it happened with other instruments of credit as well. As to trade, what happened? Orders involving in the aggregate vast sums of money, which had been placed in other countries with Canadian producers, were at

once absolutely and definitely cancelled. The factories were ready, the materials were at hand, but the orders were cancelled. In so far as those orders were concerned, everything came to a standstill at once. Moreover, as it became impossible in many instances for people in Canada to obtain money by borrowing and on credit, purchasing power stopped to a considerable extent, so on the part of South America, South Africa, New Zealand, Australia and every non-belligerent country in the world purchasing negotiations ceased because of a diminution in the purchasing power of those countries. Did that have no effect upon trade? Men were stocked up with various lines of manufacture and of production. Markets that were formerly open to them were closed, some because of alien belligerency; others because of the results of the war. It is not necessary to labour that argument. To-day there are on the shelves of many producers in this country large stocks of goods; this would not be the case if no war had occurred. The results of the war go still further; they act upon production. If these shelves, instead of being bare of goods, are stocked with them, that means that when the next season comes round the producer is not in a position to replenish his stock. He has nothing to replenish; his old stock is still on his hands, and that condition affects this country and every other country.

What else takes place? Industrial production necessarily lags, slows down and stops, if these other things which I have spoken of take place. That has been the case with production in various lines all through our country. With one exception, all producing interests in Canada have been adversely affected by the war. The exception is the agricultural industry. For a time even that was hit, but, owing to the large demands for food and food products, agriculture is the industry which alone of all the others is not adversely affected; quite the opposite.

In respect of immigration, what have we experienced all through our later history? Hundreds of thousands of immigrants coming into the country. But immigration stopped abruptly when the war broke out. Immigrants contribute to a country not only their brains and their toil, but their money as well. That was stopped too, and so all along the line; these things did take place and do take place, because Canada is a part of the great world organism of national and business life. Revenues decreased because imports decreased; imports decreased as a result of the causes to which

I have referred. Imports decreased because exports were not going out to support imports; imports decreased and revenues decreased accordingly. It is not necessary for me to present this argument at length to the members of this House. I present it to the people of the country; to a certain extent that is necessary, because the people in the country do not think along the lines that some of those who are in the House and who are more conversant with these matters are wont to do. It seems to me to be perfectly plain that you do not exhaust the replenishment and sustenance that has to be furnished by this House and this country to carry on the war, when you simply give permission to raise revenues to meet the \$100,000,000 appropriation, and the interest upon it, together with the amount required for pensions, which are systematized, to take care of some of the consequences of war.

If my hon. friend from Red Deer (Mr. Michael Clark) were here I would put a question to him. Through his speech, more than through the speech of any other member, there ran the old cry of protection, the bane and the curse, the old domestic question which we were not to touch, but which has been in our home and sitting by our hearth fire ever since the Dominion of Canada had a home and a hearth fire. That old question formed the theme of his speech, and I felt once or twice like getting up and asking him, if he would permit me: Dear sir and kind friend, tell me, in your honest opinion, suppose that instead of protection having been the feature and basis of the tariff system of Canada to-day free trade had been the feature and basis of that tariff system, would none of these effects have been visited upon Canada? If you had put up your shield and buckler, revenue tariff, and said to the world and to these deep, far-reaching influences: Thus far you may come and no farther; you cannot pass that shield and that buckler. I ask my right hon. friend himself, in the absence of my hon. friend from Red Deer, if he would answer the question: Would we have been void, immune, free from all these secondary consequences of war if you had had your reciprocity with the United States? If you had had what you and your party talked about for so many years, but when you had the power never put into operation, free trade, would we or would we not have been subject to the same far-reaching and powerful influences? Why it only needs to ask that

question to answer it, and the answer is that there are times when no nostrum saves. There are times when even protection cannot prevent, and when free trade is powerless to prohibit. But we do not give up faith in protection because at times it fails, any more than a man gives up faith in having a water system in a city because there will be conflagrations when the hot water system will be as powerless as an infant's hand to stay the conflagration. We do not give up our faith in medical science and medical practice because there comes a time with each of us, or will, when all the science and medical skill possible will not keep the grim reaper from having his harvest. There comes a time when he will not be denied; but we are not foolish enough to say that because medical science sometimes fails, therefore there is no good in medical science.

No man in this House or this country can find words to express his sense of the responsible and tremendous situation which faces Canada to-day, and which calls not for division of sentiment or effort, but for the sanest, soundest, most co-operating forces within this Dominion to bring it through these tribulations to the safe and sane ground which we believe lies in the future and upon which she will ultimately take her stand. I am not one of those who think that you can pick out any one particular theory or practice and make it responsible for a situation such as we have to-day. What is that situation? An unprecedented war which could not have been conceived by any one before it broke out and before its conflagration spread, unprecedented in respect not only of the almost demonic energy with which it is carried out, but with reference to the width and space and scope of its destruction and its influences, a war, as I have said, unprecedented in history, in which we form and take a part. If we had to face nothing else than that it would call for the best we can do and the most we can do; and if this war keeps on for months as many as it had already been progressing—and he is a rather daring prophet who will pretend to prophesy that it will have a shorter period, and its intensity grows with its duration—for the war itself and its support and its outcome the best that we can do will be none too much. But we have another situation than that. For that war neither my right hon. friend there nor my right hon. friend here nor the parties that support them are at all answerable. It came, it is difficult to say why—in

this brilliant twentieth, Christian century; but it came, and it touched us to the very heart. We did not contribute to its coming, but once it came every man felt that the cause was just and that his duty as a patriot and member of the Empire was to rally to its support and face towards the front.

But there are other features of the situation which are not primarily due to the war. There is a home question and a home situation as well as this other which I have been so inadequately describing. For that home situation who is bold enough to say that one party or another party is wholly responsible? To that home situation, to a certain extent, both parties may have contributed. But I must hold my opinion, and I must back it up by what I believe to be just and true arguments, that for this present home situation the party which is led by my right hon. friend has contributed a mighty big share during the last 15 years, and having contributed that mighty big share during the last 15 years it is not open to them, in the interests of fair play, that they should throw the whole burden upon the party on this side of the House, the Government which, for the time being, happens to have inherited that position and that situation. Either should their conscience be punctured with a bit of remorse; rather should that incite them to more than common and more than ordinary effort to stand behind the Government, which is a small thing, and the country, which is a much larger thing, in this its great crisis.

Now, what is the home situation? It is an inherited situation, an entailed situation, which the Government has to shoulder whether it wishes to or not. In 1896 our total disbursements were \$44,000,000; our net debt \$258,000,000. We had a country, such as it was at that time, but I am not going to spend time with reference to that, except to say that at that time we had one great transcontinental line of railway completed, strong, solvent, and in paying operation. In 1911 our total disbursements had risen to \$123,000,000; our debt to \$349,000,000; and in 1911, with those disbursements and what had preceded them, and with that debt, the country had three large railway systems. The Canadian Pacific Railway extended from what it had been in 1896, strong, powerful, prosperous, and operative in every part of it, and advantageously operative. But we had more. We had a Grand Trunk Pacific railway which we knew not in 1896—a railway which

had cost this country in money out of pocket well up to \$200,000,000, besides numerous advances and numerous guarantees, and which in 1911 was handed over to this Government unfinished and which this Government was bound to finish; which up to this date has in most of its line been inoperative; and which, in a large part of its line, is still inoperative; and which, beside its completion and beside the entailment of burden which I have mentioned, beside all that, will have to be operated, and for many years operated probably at a very considerable loss.

We have another line of railway, the Canadian Northern railway, which existed in part in 1896, but which in 1911 had assumed the complexion of a transcontinental railway. To that advances were made, not yet completed through and through, and not yet operated through and through. Advances of money, large guarantees, great obligations; and that railway, too, reverted to this present Government, and constitutes a feature of the home situation. We know what these two railways have cost up to the present; we know something of the obligations and the guarantees which surround us on account of them. But not a man in this House has got an instrument fine enough to measure what is possible in the not very distant future as to further burdens, further obligations and further expenses with reference to those two roads. And not only is the Dominion involved, but the provinces are entangled and involved; and the question of the facing of a situation and difficulty of this kind by this Government is complicated by the fact that, if certain things do take place, not only the Dominion Government will feel the burden deeply, but the provincial governments will feel the burden still more deeply, and to their greater risk, because they are smaller and less adequate in financial means.

We had in 1896 no Hudson Bay railway except in imagination. I am sorry sometimes, when I think of it, that members of Parliament have such vivid imaginations, and I should like, in some cases, that we should try to see farther ahead as to means and results. But it was the opinion of both sides of the House as far back as that, that it was worth a try to build the Hudson Bay railway and to get a fresh route out from the West to the markets of Europe. In 1896 that had involved no obligation. In 1911 it had involved obligations, and that road, with its obligations, initiated

and almost unstarted, but certainly altogether uncompleted, was thrown on to the incoming Government, and its burden came along with the other burdens. Great harbour improvements were projected, outlined, systematized, legislated upon, and work started upon them; and just after their initiation they also came upon this Government with their large amount of unmet liabilities, owing to their initiation just before, and the time and the money necessary to their completion.

So that, without making this a longer story, is the home situation, which we as the present Government are not entirely responsible for, and when I say that no man will cavil at such a statement. I think no man can rightly cavil at the statement that this Government are not in a major degree responsible for it. But the obligations were entailed upon us, and we have to meet them as well as those others of which I have spoken. Now if there had been no war, if this terrible spectacle at present before us had been held off another decade, although this incoming Government would have felt the burden and the country would have strained under it, it could have carried it through, and carried it through without very great difficulty. There might be a question as to whether the values come or not, but the burden would have been carried through and the country would have borne the burden and come through. Then this war happened, and the moment the tocsin of war sounded these burdens increased their weights by hundreds upon hundreds of per cent. No borrowing was possible; debts had to be paid; obligations had to be met; guarantees had to be protected; and all this thing under the shadow, the malign shadow, of the greatest war of history. That makes the situation still more tremendous—and I do not use too large a word—than it would otherwise have been. Now I put it to the country and to the members of this House that, whilst the Government that comes in has to assume what is entailed by its predecessors, this Government ought to have the fullest sympathy and the fullest co-operation of the hon. gentlemen opposite in staggering along under these home burdens. Let me add to my argument of a little while ago what directly comes out of this presentation which I have made; that, in addition to all the other consequences of the war which made our difficulties great, these responsibilities and obligations thrown on us in conjunction with the war bring the war

in consequentially as a factor, and as a large factor in the solution of the home situation. I think I have said enough to outline my thought in this respect. In the first place I say to my right hon. friend that, as he and all no doubt on both sides of the House recognize, the Government of the day, whatever it is, whatever party it belongs to, is responsible for the duties that fall upon it and that may be thrust upon it. In this way this Government is responsible not only for paying the bills, but responsible as to the best methods to be taken to raise money with which to pay the bills, and it is going very far when an opposition reaches beyond war criticism and takes up domestic questions and domestic issues, and says: Thus far will we go and no farther; we are with you for the \$100,000,000 and for the added interest and pension funds, but we are against you when you attempt to raise money in any other way and for any other purpose.

Nor are we open to the objection of proposing to raise this money by methods unused in this country and unauthorized by this country. Theorize as much as you like as to your land tax and your income tax or any other form of direct tax; but we have had theorizing since 1867, and yet no theory has to any extent overborne the practical conclusion come to by the people of Canada and asserted for 47 years, that they have thought that the best way to raise revenue is through the customs and excise. My hon. friends opposite may now challenge that and say there is a better way. It is the challenge of theory, that is all; it is the challenge of the objector who is not in a responsible position to put his theory into practice. Consequently, it seems to me it is not right to urge that theory beyond the proper line, which is the line of advice or the line of suggestion.

But when the Opposition goes against the experience and the authorized practice of the country, and the upheld practice in general election after general election in the Dominion of Canada, that we will raise our revenue by customs and excise, it is doing just what it would do in any general election if it took that theory and endeavoured to persuade the people that this was better than the practice of the past. I do not think, however plausible the theory, that it ought to be pressed beyond a certain point. I think when it comes to the final analysis, that if gentlemen opposite think that more money is needed, they ought not to press their objection to that money being voted, simply because

they say they do not approve of the method by which it is to be collected. To these gentlemen opposite I say: you approved of that method during all your political history in the past, and you never in this House, or in the press, in addresses to the electors, advocated any other; you bowed before the inevitable, and that inevitable was the will of the sovereign people of Canada expressed many a time.

Then, it all resolves itself into this: the Opposition of this country, not shouldering the same responsibility that the Government does, not to be held responsible for measures and for funds, are able to say at any time to the people: There are the men you chose to rule you and to carry on the operations of Government; they did thus and so, and they alone have the responsibility. You, of the Opposition have the right to say that, and you can say it. Then is it not somewhat of a responsibility to press the battle to the gates and to declare that though the Government, faced with the responsibility, say they need more money they shall not have it, or that you gentlemen of the Opposition should say: we would not mind giving to you the money provided you raise it in a different way, and in a way different from that in which it has ever before been raised in this country. All I am pressing for is, that there is a certain point beyond which the Opposition in the House of Commons of Great Britain never yet have gone, and never, to my mind, will go. They will hold the Government responsible; their theories may be different and their views may be diverse, but they say to the Government: we put these views before you, we ask you to look into them, there are our suggestions, that is our advice, but it is your responsibility and if you say that so much money is required, to fight out this war, and if after considering it carefully you say we must raise it in this way, which we think best, then as takes place in Great Britain and any great deliberate body, the Opposition would say to the Government: You can have the money and for your course you take the responsibility.

My right hon. friend will go back on this practice and he will say: I am not objecting to your raising the money you want if it absolutely necessary, but my point is that it is not necessary, and that you can get along with economy and retrenchment. And I said to myself as I sat in my seat and listened to that beautiful plea by the right hon. leader of the Opposition: "economy and retrenchment," where have I heard these words before? Out of whose lips have



they fallen, from whose silver tongue have they flown into the airy spaces of this House and into the wider spaces of the hustings? And behold I had the same personage in view, the same eloquent lips, the same silver tongue. And I remembered the years, and years, and years when the Liberals were in the cool shades of Opposition and longing for the firesides and warm places of office, the cry was economy and retrenchment, economy and retrenchment. And I could not help but remember my experience in 1896, when hon. gentlemen opposite got into power, that not a single one-thousandth part of a second was allowed to pass before that motto of economy and retrenchment was laid away on the shelf, swaddled in grave clothes, never to be unwrapped until there came a political harsh wind in 1911, and then it was brought out and unwrapped and again set up in the market places. And I said to myself as a reasoning being; what is the conclusion I make from that? Why the conclusion was driven home upon me, as upon on all those who listen to me, and as upon the people of the country, that the advocacy of economy and retrenchment by my right hon. friend now has just as much substance in it and no more than it had from 1880 to 1896.

Some one on the opposite side of the House has said that he hates extravagance. For myself I say, if it is worth anything, that I dislike extravagance in the individual even though he is using his own money, because in some way or other it is borne upon me that after all no man's money is absolutely his own to be spent absolutely as he wishes to spend it. I think there is something in the community of interest which points to a man, even in his private expenditure, having regard to something more than even his own wishes and his own desires. I am not pressing that; but, when you come to talk of the disposal of a country's money I am absolutely certain that I hate and deplore extravagance; I believe it is prejudicial to the best interests of this or of any other country. I cannot help but believe that. What took place? For fifteen years these gentlemen were in power—fifteen years of the most lavish expenditure such as this country never witnessed before. Nobody will dissent from that statement.

Mr. GRAHAM: Nor since.

Sir GEORGE FOSTER: I am glad to have the authority of my hon. friend that, from Confederation up to 1911, the extravagant

and lavish expenditure of those fifteen years was never equalled, certainly never excelled, in any former period of our nation's history.

Mr. GRAHAM: "Former" is all right.

Sir GEORGE FOSTER: That is, I have the assent of my hon. friend to the statement that they were lavishly extravagant.

Mr. GRAHAM: From 1911 on.

Sir GEORGE FOSTER: My hon. friend the member for Red Deer (Mr. Michael Clark) said that he hated extravagance and that he did not uphold everything that had been done during the Liberal regime; but he said: "The Minister of Finance has put our extravagance to the blush. We were extravagant, but they have been lavishly extravagant."

Mr. PROULX: Hear, hear.

Sir GEORGE FOSTER: I am glad to have the assent of my hon. friend. This is the point that I wish to draw to the attention of hon. gentlemen opposite, especially of my hon. friend the member for Red Deer. My hon. friend said: "The Minister of Finance talks about his three-year surpluses. Who made those surpluses for him? They were made by Laurier."

Mr. PROULX: Hear, hear.

Sir GEORGE FOSTER: I am glad to have the assent of my hon. friend to that. That is exactly the approval I would like to have from my hon. friend the member for Red Deer if he were here, because my hon. friend started out to prove the hypothesis that protection was the sworn enemy of revenue. Yet protection, carried on for fifteen years by the hon. gentlemen opposite, not only supplied them lavishly with money to spend, but actually continued the process for three years thereafter on accelerated motion.

I was going on to develop the idea that, in this home situation which we have before us, there is a responsibility upon the members of the Opposition as well as upon the Government, and that the home situation, as we have outlined it, is one of the really hard situations with which we have to contend at the present time. Do hon. gentlemen really believe that, if they give us the vote of \$100,000,000 and the interest money, say \$6,000,000 or \$7,000,000, and the pension money, say \$3,000,000 or \$4,000,000, that is all they should vote us, on the ground that that is all that is required to sustain the burden of the war? There are two or three indications which made me

think that some of my hon. friends at least would not go so far as that. If they were going so far, why did the hon. member for Red Deer spend a portion of his time in arguing for a land tax and for an income tax, and why did the hon. member for Salt-coats (Mr. MacNutt) and some other hon. members do the same? Why should they argue in favour of a land tax or an income tax if sufficient provision were made now for the \$100,000,000 and for these two other items of which I have spoken? I am bound to believe that those gentlemen really do not believe that this sum of money is sufficient to prosecute the war and to sustain the burden of its consequences. They object on the ground that economy and retrenchment would give a way out. What is the chasm between the proposed expenditures, brought down to their lowest figures, or as low as the Government has found it safe to bring them, and the revenue required, and how can it be reduced? \$130,000,000 of revenue for this year, \$60,000,000 of hiatus or deficiency between that revenue and the expenditure required for home purposes. Next year \$120,000,000 of revenue, and \$80,000,000 of a deficit between that and the estimated expenditure. Can we by retrenchment and economy fill that void? I invite my hon. friends just to go over the various services. My right hon. friend said: "I am not in favour of closing out all these public expenditures." The railways must be carried on, granted—canals must be carried on—granted. The post office must be carried on. Public works to a certain extent must be carried on. The whole appropriation for public works is \$22,000,000. Harbours and river services must be carried on. The requirements of trade and commerce must be met. It would be foolish at this particular juncture, in order to fill the void, to stop the work and effort of the Department of Trade and Commerce to provide markets and to sustain the distribution of the country. So in all the great spending and administrative departments, it will puzzle hon. gentlemen opposite to make any great cuts from those I have mentioned, and still maintain the efficiency of the service. It is just as important to keep a home-base strong and intact as it is to look out for your base which is nearer to the front. When you come to public works, with an estimate of \$22,000,000, cut it in two, and yet you have only \$11,000,000 to your saving. Make the greatest diminution you safely can in the expenditure of all the other departments, and it will puzzle you to produce an economy of \$30,000,000 and still

do your duty by the public administration and services of the country. Do that and yet you have a deficit of \$30,000,000 to be made up. I hold—and I think hon. gentlemen who look at the matter dispassionately, and the country as a rule will be disposed to stand by my suggestion—that it is not proper at a time like this for a government to leave home services neglected; to leave itself without a fair margin of funds for current and special and unforeseen expenditures which may come as this war progresses.

No one knows, arguing from to-day, what may be the situation to-morrow; and I think the Minister of Finance was down to the lowest limit when he tried to make provision for \$30,000,000 towards that deficit of \$60,000,000 this year and that deficit of \$80,000,000 next year. Put in all the retrenchments, economy and saving possible, and yet I think it would be unwise and unsafe to face the year without at least that provision.

So far in my address I have tried to make two points: first, that the war expenditure is immeasurably more than what is provided for in the one hundred millions; secondly, that the home situation is so tense, so responsible, so burdensome, that it would be recklessness rather than wisdom to face it without a shot in the locker, without a provision—not adequate may be, but somewhat near adequate—to meet the situation as it faces us and will face us during the currency of next year.

Hon. gentlemen opposite say that they are opposed to raising this by tariff tax, for two reasons. One reason is that it will not produce any appreciable amount of revenue. Let us discuss that for a single moment. We are imposing 7½ per cent upon all dutiable and free goods from the world generally, and 5 per cent on all dutiable and free goods under the British preference. From Great Britain we imported last year \$132,000,000 of goods, of which about \$30,000,000 was free goods. From the United States we imported \$249,000,000 of dutiable goods and \$146,000,000 of free goods. From the whole world we brought in \$208,000,000 of free goods. Now, free goods are chiefly those that are not produced in Canada and cannot be got in Canada. Under a protective tariff the rule is to put some measure of protection on what can be produced in the country. So, you have \$208,000,000 worth of free goods brought in last year; and on whatever proportion of this is brought in during the next year you will gather 7½ per cent or 5 per cent. That goes directly and

absolutely into the Treasury. It is wholly outside of the argument to say that it will raise the price inside the country of that class of goods, because we do not produce that class of goods in Canada. Now, does any man tell me to-day that a very large proportion of our imports of free

5 p.m. goods of last year will not be brought in during the coming year? The duties on whatever goods do come in will be revenue absolute and will be lodged at once in the Treasury.

Then you have \$410,000,000 of dutiable goods upon which 7½ per cent and 5 per cent will be collected. Now, that is open to the favourite argument of hon. gentlemen opposite that if you put that extra duty on these goods it will raise the price of goods of that class made in this country to that level, and consequently the country will pay much more than the country gets in revenue. I do not subscribe to that argument; I do not believe it is demonstrable. I believe that in some cases it has that effect; in some cases it has not; and in others it has a modifying influence—it is partly so and partly not so. But let me take this into account—and I think it is an item of some worth in this discussion: to-day the manufacturers of this country are hungry for business. They are not fully employed. Many of the workmen are idle. There will be the keenest kind of competition between the manufacturers of this country, because the capacity is there to supply much more than is likely to be demanded, and I think that would have its moderating, levelling influence.

Now, how are you raising these taxes? As I have said, by the old, the constitutional, the affirmed method, affirmed since the Confederation of Canada. I think it is idle to say that these taxes will not result in a very considerable addition to the revenue, and I think the claim that they are oppressive must be greatly modified. I think that my hon. friends opposite, in taking this opportunity to cavil at all the imposts that are put upon the country in war times, are catering to the creation of a feeling in this country that we can carry on war and save the Empire and the country and not have to pay anything for it. My right hon. friend (Sir Wilfrid Laurier) congratulated the Minister of Finance on his happy disposal of the war fund. Why, he said, you are right in luck; you are in green pastures; all you had to do was to go to the British Government, and they said: we will lend that

to you and you can pay the interest on it. Very good, so far as that goes. But what country in the world to-day—with one exception—is bending under the titanic burden of the provision of finance for this war as Great Britain is bending under it? If it were not that the situation is just as it is, if we had it in our power to raise that \$400,000,000 without asking Great Britain to lend it, we should raise it ourselves and pay our quota. But it appears that at the present juncture it is beyond our power to do this. Very well; we accept that financial arrangement and are grateful for it, and we will pay the interest and ultimately pay the principal. But for all these subsidiary and consequential demands, for heaven's sake let us pay up with a cheerful countenance.

But the point is made that these duties put obstacles in the way of trade. Yes, I suppose it is true that every tariff impost, looked at in a certain light, is an obstacle to trade. If you had no tariff duty anywhere, trade would flow free of the imposition of taxes. But the world's experience from the earliest days down to the present time is that even though they be in a sense an obstacle to trade, national policies and the best interests of nations are conserved by employing customs taxes for the raising of revenue—and trade has to take its chances with those obstacles. But what is this new-born virtue against obstacles to trade on the part of hon. gentlemen opposite? They placed obstacles to trade in every tariff they made and in every tariff they supported; if they were put in office to-morrow they would place obstacles to trade again. But these alleged obstacles to trade are simply fractional additions to the obstacles which were put there at one time by hon. gentlemen opposite, and which have not been changed by us from that time until the present hour. So that it is a specious argument to contend that we must not pass this proposed legislation because it is putting an obstacle in the way of trade. Seven and a half per cent and five per cent are a small percentage of tax; therefore they will not be prohibitive. But if a burden is involved, it is there because we are at war and because we must take up cheerfully the payment of a certain proportion, at least in capital, of the financial burden which the war is imposing upon the Empire.

But hon. gentlemen opposite have another objection. They say that at a time when Britain is engaged in such an unparalleled

struggle as that which is now taking place, it is not the part of Canada to impose further disadvantages upon British trade. One hon. gentleman—I think it was my right hon. friend—went so far as to say that this phase of the proposal was somewhat after the German conception; that Germany, with her submarines, would destroy what she could of Britain's trade and that Canada would tax the remainder. Hon. gentlemen opposite seem to think that preference is only another name for free trade. Preference is only possible with a protective system. It never was meant to be free trade; it is not now meant to be free trade, and it is not understood in Britain as meaning it is not understood in Britain as meaning free trade. It is simply this: that in the competition amongst the nations of the world for the trade of Canada, Canada gives a degree of preference to Britain which gives Britain an advantage in her bargaining over other competitors. What quarrel have my hon. friends with this disposition of the tariff? \$208,000,000 of formerly free goods are to be taxed 7½ and 5 per cent. Up to this moment the British provider of these goods was on an absolute level and equality with the foreign provider of similar goods; under this arrangement, in respect of that \$208,000,000 worth of supplies, the British provider gets an added 2½ per cent advantage over the foreign competitor. That is, although there has been an addition to the general rate, the result is that British trade gets by 2.12 per cent preference an advantage in scope and efficiency that it never had before. I have no fear at all that the Canadian public or the public outside of Canada will misapprehend the provision that has been made in that respect.

My right hon. friend was lauded as being the father of the preference idea. But he was not the actual father of it. Up to 1896-7 my right hon. friend was a free trader, and he could not be the father of preference through free trade. My right hon. friend had to come into office, revere the principles which he had preached for 17 years and institute a protective system—and even then he was not the real father of preference. What was really done was this: a Bill was brought in under which preferential arrangements, or reciprocal arrangements, whatever you wish to call them, could be made; but they were makeable with every nation under the sun; Great Britain was only one of the nations that might come in. I remember that when

we argued that under this arrangement Great Britain and her dominions would have no advantage over foreign competitors for our trade, we were met with the reply: there is no pent-up Utica about us; our powers are not confined; our hope is not narrowed; we are in for a world reciprocity, a world preference. Great Britain will come in, of course, but so may 20, 30, 40 other nations, if they can comply with these conditions—and a great many of them could. My right hon. friend was the father of preference by compulsion, because when that Bill was made law he was face to face with the most-favoured-nation treaty obligations. The law lords of Great Britain informed him that there was but one way out of the difficulty. They said: take back all your reciprocity arrangements or name Great Britain specifically and leave out all the others. That was the compulsion which brought about this preference, of which my right hon. friend claims to be the father.

I wish to take up two or three of the arguments advanced by my hon. friend the member for Red Deer (Mr. Michael Clark). I am sorry that he is not present; he is a good antagonist. I listen to him with great pleasure, and I like him to listen to my strictures; but he will read them. If my hon. friend has one failing it is that he is a little bit crazy on protection and free trade—just a little bit; sanely crazy. If you wish me to put an adjective before it. After his speech had been delivered I was walking out of the House and a gentleman who was with me said: "I liked Clark's speech, particularly one part of it." I said: "What was that?" "Why," he said, "it was that part of his speech in which he pleaded that by-gones should be by-gones; that we have enough questions of the present to take up our time, and that we should not waste our time in travelling the weary reaches of the past." "Well," I said, "that is an admirable sentiment; but if there is one man in the House of Commons who, however much he may commend to us the virtue of not going back to the past, longs for it, runs in it, keeps going back to it again and again, year after year, it is my hon. friend the member for Red Deer." He would very much like that the past should be forgotten, so far as he is concerned, in these economic matters. I was so much mystified the other night when these two gentlemen commenced to talk economics, my hon. friend the Minister of Finance on this side and my hon. friend from Red Deer on the other, and I got into such a perfect haze about it that I felt

almost like rising and saying: a plague on both your houses; leave your economics, and just give us plain English common-sense. The hon. member for Red Deer is great on economics, but he falls asleep at times. He wanted us to forget the past, but he himself took the old road from 1878 up to 1896, and traced protection in its deadly course by the trail that the serpent left until he came to the year 1896. Then he lost the trail. After fifteen years he got his breath, made a run, and caught up to the serpent and its trail in 1911, and he traced it along by its trail until this present hour. Oh, yes, my hon. friend forgot a portion of the past then, and he would like us to forget that past. What he could have done was to keep straight on the trail of that serpent from the time his Government got into power until it left, because it was a protectionist Government. Both the serpent and the trail were easy to see by a man who wished to see them. But he felt a little of that possibility, and interjected a saving clause, which was this, that in 1897 the Laurier Government added 150 articles to the free list. Of course. With free trade you could not add to the free list. In order to be able to add to the free list you must have protection, and it has been the essence of protection from its inception up to the present time that all raw materials that are necessary for the manufacturing of products and which cannot be raised rightly in a country, shall come in free, and so the free list has grown and grown and grown, and as long as protection exists there will be a free list. Why do we not have it now under the new tariff? Because this is a war tax.

My hon. friend also took this thesis: protection is a failure as a revenue raiser. A failure as a revenue raiser? What are the facts of the case? A few minutes afterwards the hon. member for Red Deer got after the Minister of Finance by telling him: You did not raise those three-year surpluses you have been talking about; they were raised by the Laurier Government. How did the Laurier Government raise all the surpluses they had and these three surpluses that they sent on, on an inclined plane, down to my friend the Minister of Finance? By free trade? By reciprocity? By revenue tariff? By land tax? By income tax? Not a bit of it, they raised them by good, old-fashioned protection. So that his own delineation of the rapid rise of the revenues of Canada, with the immense surplus that they had, is an absolute reply to his contention that protection has failed as a revenue producer.

He also says that protection has failed as

an industry builder. Has it failed as an industry builder? Let me take one decade under their own administration. In 1901 there was \$446,000,000 of capital invested in industries of this country; in 1911, \$1,247,000,000. In 1901 the output of our industries was \$481,000,000; in 1911 the output was \$1,165,000,000. The wages in 1901 were \$113,000,000; the wages in 1911 were \$241,000,000. The employees at the first date were 339,000; the employees at the second date were 515,000. These are figures from their own census, conducted by themselves, and they do not go to prove the assertion of the hon. member for Red Deer that protection has failed as an industry builder, nor does the common observation of the people of this country. Go to our exhibitions, walk through them, go through our country, walk in its factories, look into its multiplied and varied business, and it is a revelation to a man who has not paid special attention to it to see the excellence, the diversity, the scope and the volume of the industrial building in this country—industrial building under a protective tariff.

But the hon. gentleman goes on to say that protection is a failure as a trade-producer—it does not produce trade; it is the sworn foe to foreign trade. Take Canada itself. We have boasted, and boasted with pardonable pride, of the immense expansion of the trade of the country within the last twenty years, all under a protective tariff. But if you want other testimony let us have it. Here, for instance, is Germany, if you will allow me to take an example from her polity. In 1872 she exported \$551,000,000; in 1880, \$685,000,000; in 1913, \$2,402,000,000. That is the expansion of foreign commerce that Germany had, and Germany was protective to the hilt. You take the United States. In 1870 her exports were \$376,000,000; but in 1913 they were \$2,428,000,000. The United States was and is a protective country and that is the history of its foreign commerce. You take Canada itself. In 1870 her exports were \$59,000,000 and in 1913 \$355,000,000—all under a protective tariff. Let me take the statistics with reference to manufacturers as an argument in support of my former assertion. The manufactured goods which in 1870 were exported from the United States were \$70,000,000; the manufactured goods which were exported from the United States in 1913, were \$1,185,000,000. Take Canada. She exported in 1870, of manufactured goods, \$2,560,000; she exported in 1913, of manufactured goods, \$43,692,000. This does not seem to support my

hon. friend in his contention that a protective system is not a producer of trade and is the sworn foe to foreign commerce.

Mr. J. J. HUGHES: What are the figures for Great Britain?

Sir GEORGE FOSTER: I am making an argument with reference to the argument made by the hon. member for Red Deer that protection is the sworn foe to trade and foreign commerce; that is all I am now doing.

But the most singular statement made by the hon. member for Red Deer was that protection is a failure as a fleet builder; that is, protective states do not build fleets. Well, the second largest fleet in the world, on the 1st of August last, was the German fleet, absolutely built under the late years of Germany's protective policy. The next largest fleet, and now, probably, the second fleet in the world, is that of the United States, built by a protected country from funds which were gathered in a protected country. Australia has built a small fleet, which only a few days ago covered itself with glory. Australia is a protected country, too. In fact, if you take the countries of the whole world, the exceptions to big fleets are found in China, in Turkey, in Holland, in Belgium—countries that are free trade or so near to free trade that they cannot be classed among protected countries. This is just a sample of the strange doctrines enunciated by the hon. member for Red Deer, and I thought it was well that they should be brought to the public gaze and counter facts placed against them.

And now, Mr. Speaker, I have kept this House longer than I had expected, and quite too long. I have not finished up with any perfectness some of the arguments I have advanced. I leave, as I know I can well leave, very much to the thought and the deduction of the intelligent members of this House. To them a suggestion is the next best thing to an argument at any time, and

sometimes far better than a laboured argument. I have but one word to say in conclusion, and that is this: to-day Canada and the Empire are engaged in a colossal contest, the inner meaning and possible consequences of which not one of us has an adequate idea. But we know that that contest is on. We know that in that contest Britain and the British power is fighting for its very life. You can hear the quick short pants of the contending forces, and you can easily translate that to the breathless vigour of an empire in a series of nations which feel that in this long line of contests they are fighting for their very life. We are in the midst of that war. Our own friends, our brothers, our sons, are there, or soon will be. There is glory on the fighting line, but there is death in the fighting line as well. As we take up our papers from day to day and read that fraction that comes to us, the sorrowful, saddening, and yet glorious fraction of what comes to us, it brings us every day and every hour nearer to some adequate comprehension of the mighty struggle, of the blood and tears and tribulation, through which alone final victory can be won. What I plead for in this House, in this country, everywhere, is that the best of the Canadian Dominion, Liberal as well as Tory, outside of race or of creed or of political faith, may look upon the verities of this war and may learn to value, as in only such cases we can learn to value, the comparative merits of the trivial and of the absolutely important. These things I plead for; and until this war is determined, let us all in this House and in this country, as much as in us lies, bend our backs to the burden, putting behind us what is trivial and not of moment, and facing steadfastly the mighty issue in which the proudest and highest and best of the civilizations that the world has ever developed is fighting for its life and its continuance, in the trenches, and under circumstances of terrible difficulty and peril.

