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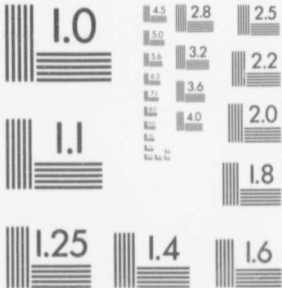
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**AUTHORISED EDITION.**

# **THE WAR TAXES**

or

## **The 1915 Budget**

**SPEECH**

DELIVERED BY

**HON. W. T. WHITE**

(FINANCE MINISTER)

in

**THE HOUSE OF COMMONS**

on

**MARCH 10th, 1915**

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## NOTE

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*The following speech by Hon. W. T. White, Minister of Finance, was delivered in the House of Commons on March 10th, 1915, in reply to Sir Wilfrid Laurier, leader of the Opposition, who, the same day, had moved the following amendment to the Budget:—*

"That Mr. Speaker do not now leave the chair, but that it be resolved:

"This House is ready to provide for the exigencies of the present situation and to vote all necessary ways and means to that end, but it regrets that in the measure under consideration duties are imposed which must be oppressive upon the people whilst yielding little or no revenue, and that the said measure is particularly objectionable in the fact that instead of favouring it, it is placing extra barriers against Great Britain's trade with Canada, at a moment when the Mother Country is under a war strain unparalleled in history."

*It will be noticed that whilst Sir Wilfrid Laurier insisted on presenting this want of confidence motion, he did not even attempt to suggest any alternative proposals, thereby admitting his inability to do so. Is it not somewhat inconsistent, to say the least, for Sir Wilfrid in one breath to proclaim a political truce and in the next to bring forward an amendment designed to negate the attempt of the Government to meet, in the best way possible, the present situation?*

**LAURIER'S AMENDMENT MEANT NO AID TO BRITAIN FROM CANADA.**

# The War Taxes

OR

## THE 1915 BUDGET

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Mr. White's speech was as follows:—

Mr. Speaker, I rise to discuss the amendment proposed by the right hon. the leader of the Opposition, and the more salient features of the criticism directed by the junior member for Halifax (Mr. A. K. Maclean) against the Budget. But before entering upon my argument I desire to call attention to a remark made by the leader of the Opposition to the effect that we need not complain if he takes issue with us upon this Budget. I desire to say to my right hon. friend that we do not complain. We welcome the issue that my right hon. friend presents upon this Budget or any other issue he may desire to bring forward. We ask no indulgence except that indulgence which is the courtesy passing between members on both sides of this House and between Government and Opposition. Let me say to the right hon. gentleman distinctly that we have no complaint; we are prepared to meet fairly and squarely the issue which he has presented to us.

And, Sir, what was the substance and the gist of the attack made by the junior member for Halifax, the financial critic of the Opposition, against the Budget which I had the honor to present to the House? He said: You have been extravagant in the expenditure of public moneys; the war is not the cause of your financial condition; that additional measures of taxation were unnecessary; you should retrench expenditure and establish an equilibrium between income and outgo. I desire to state his case as strongly as he would state it himself—that our fiscal proposals were unscientific and inequitable and that the British preferential rate should not have been raised. My right hon. friend to-day associated himself with that line of argument, and indeed so have all other members on that side of the House who have spoken since the junior member for Halifax addressed the House.

### RUINING THE CREDIT OF CANADA.

My hon. friend seemed to be quite at home when dealing with the topic of extravagance, and well he might. The Administration of which my right hon. friend was the head, and of which my hon. friend from Halifax was a strong supporter and almost a member, with the most intimate knowledge of its counsels, ran such a career of unbridled extravagance—

Some hon. MEMBERS: Oh.

Mr. WHITE: Yes, unbridled extravagance, especially during the late years of its existence as a government, that its continuation for any considerable length of time would have ruined beyond redemption, during the present generation, the credit of this Dominion.

I speak with a full realization of the gravity and seriousness of the charge that I am launching against the late Government. No man has had a greater opportunity of realizing that extravagance than I have, because upon my shoulders has fallen, in consequence of that policy of uncontrolled prodigality, of utter wastefulness and of reckless extravagance, a heavier load than has rested on the shoulders of any Minister of Finance since Confederation. I am not complaining. I am not the man to complain. I have always been able to see my way through. I saw my way through in the year 1913, when, in the midst of that great financial stringency brought about by the Balkan war and by the shadow of this great war cast before, I was struggling with the consequences of the ruinous railway policy launched by hon. gentlemen opposite. In the midst of this war, which is not only the greatest war in the history of the world, but greater, as I said the other day, than the aggregate of all wars of all history, I see my way through, just as I saw it through in August last, when the outbreak of this tremendous struggle threatened to overwhelm the finances and the commerce of the world. I saw my way through then. I see my way through now, and at no time since the outbreak of this war have the prospects been so good, so far as this country is concerned, as they are to-day.

#### THE LEGACY BEQUEATHED BY LAURIER.

Upon every debate on the Budget I have heard reiterated, ad nauseam, statements about the overflowing treasury and the rich estate bequeathed to this Government. In the past I have refrained from speaking of the subject, because I have always put national considerations before immediate political advantage in discussing subjects in this House. To-day, while I propose to speak on some of those subjects on which in the past I have remained more or less silent, I desire to say that, having regard to my position and to those national considerations, and to possible misunderstandings of my utterances, I shall exercise the restraint which I have always exercised since I have had the honour to occupy the position of Minister of Finance.

I propose to say something about the overflowing treasury and the rich legacy bequeathed to us by hon. members opposite. What is the test of a solvent estate and a rich legacy? Is it that the bank account is not overdrawn? Is it that there is some cash on hand or on deposit? In estimating the value of an estate, do we not take into consideration liabilities direct and indirect, debts owing, notes of hand, endorsements, guarantees given by the decedent who left the estate? Is it a rich legacy, if the legatee with a certain sum of ready money, is left also the obligation of millions of dollars of liabilities?

That is the kind of rich legacy that I have inherited as Minister of Finance—some ready money in the treasury, but obligations, not of millions, but of tens of millions of dollars of direct and indirect liability, that I have had to meet since I have become Minister of Finance of this country, obligations due not to any action on the part of this Government, but to the mismanagement and reckless expenditure of the Government that preceded us in office. Did I succeed to a rich legacy when called upon, on account of the flagrant maladministration of the preceding Government, to find, as I have said, not only millions, not only tens of millions, but hundreds of millions of dollars, a very considerable proportion of which is inevitably lost to this Dominion? There is an old saying: "Give them time and the chickens always come home to roost." I propose to see that those chickens rest upon the proper side of this Chamber, that is to say with hon. gentlemen opposite. The finan-

cial chickens are coming home to roost, and my hon. friends opposite cannot leave them with us. My right hon. friend the Prime Minister cannot stand sponsor for the financial chickens that have been coming home to roost during the last two years, and the end is not yet.

### THE TRANSCONTINENTAL BUNGLE.

To deal with all the aspects of the mismanagement of the late Government when in office would require a special session of Parliament. I propose to deal with only a few of them.

During the year 1913 and the early part of 1914, during the financial stringency to which I referred a few moments ago, we had the burden of completing the railway policy initiated by the Government of my right hon. friend, of repairing the consequences of his mistakes. I say to him now that his railway policy, in its potential consequences, is fraught, and has always been fraught, with the utmost danger to the Dominion of Canada.

Take the National Transcontinental railway from Moncton to Winnipeg, the eastern division. Let me ask my right hon. friend: When he went to the country in 1904 what was the estimated cost of that section? His Minister of Finance in this House estimated that cost at \$60,000,000, and my right hon. friend told the people of this country—I will explain his method of calculation, because I desire to do no injustice to him—that the cost would be \$13,000,000.

He estimated his \$13,000,000 in this way: The interest upon \$60,000,000 is \$1,800,000 a year. For seven years, the period during which no interest was to be paid by the Grand Trunk Pacific, the interest would amount to about \$13,000,000. His theory was that, after the end of the seven years, the Grand Trunk Pacific would pay interest at three per cent upon the cost, and that consequently the entire cost to the people of Canada would be \$13,000,000. He gave the impression to the people, when appealing to them on this issue, that \$13,000,000 would be the cost of this road, and the Minister of Finance said that \$60,000,000 would be the cost. What has been the cost? \$200,000,000, more than enough to pay for Canada the cost of this great war, in which we are fighting for our liberties, and the liberties not only of the Empire, but, as I verily believe, of the world. The difference between the cost estimated by his Minister of Finance and the actual cost of the Eastern division of the National Transcontinental would pay the entire expenditure for which the Government has asked Parliament under two Bills of Appropriation, namely \$50,000,000 and \$100,000,000. Were the sections built simultaneously? Was the road built continuously as contemplated by the contract? Or was it built upside down, wrong end first?—as a crazy carpenter would attempt to build a house by starting at the chimney, trusting to leave it in the air while he finished the rest of the building? The line from Moncton to Lévis was built and it was left there, the ties rotting, the rails rusting, trees growing on the right of way, while contractors, favoured contractors, refrained from going ahead with the vital link between Winnipeg and Cochrane. And what is the result?

### GENERATIONS YET UNBORN WILL HAVE TO PAY.

Conceived in 1903; started in 1905, what is the result to the Grand Trunk Pacific Railway Company? What has been the cost of the Prairie section by reason of the delay? That Prairie section is still under construction after all these years. Will they get through the Prairie section which is still in the period of construction, for less than \$45,000 or

\$50,000 a mile instead of the \$20,000 a mile that was estimated? And will they get through the Mountain section at less than from \$80,000 to \$100,000 a mile instead of the \$50,000 or \$60,000, as was estimated? You ask me, what bearing that has on the question? I will tell you. The hon. member for Edmonton (Mr. Oliver) talked about freight rates. I say that, having regard to the bungling in the building of the National Transcontinental by hon. members opposite, the hon. member for Edmonton should either rise in his place and repudiate the action of the late Government with regard to the building of the Transcontinental or he should never mention the words freight rates again in this House. These things belong to the past, but the evils they entail live after them. Out of the respect I bear my right hon. friend (Sir Wilfrid Laurier) I hope that his title as a statesman in this country will not rest upon his railway policy. The cost of this bungling and of the mistaken policy for which he is responsible will be visited upon the taxpayers of Canada to generations yet unborn.

What has this to do with the burdens which I have had to assume as Minister of Finance? On account of the delay in the construction of that road, on account of the position of the Prairie section and of the Mountain section still in the period of construction without the earning power which they could reasonably have been expected to attain had the line been completed in time, I had to advance \$15,000,000 by way of loan to "finish the work" of my right hon. friend as he would put it. And at last session of Parliament legislation was put through under which we guaranteed \$16,000,000 of additional bonds to enable them to complete. Last fall, in order to save this railway of his, this child of his imagination as he calls it, in order that Prince Rupert might be linked up with Winnipeg, I had to find \$6,000,000 for that road. And my right hon. friend will rise in his place and criticise me in this House for that action. But it was the right thing to do under the circumstances and I am prepared to defend it here or anywhere.

And let me ask the right hon. gentleman, who was responsible for the so-called "implementing legislation"? One of my first tasks, one of the first burdens I had to take up as Minister of Finance, was to find the sum of \$5,000,000 to hand over to the Grand Trunk Pacific by reason of the judgment of the Privy Council on this so-called implementing legislation, which showed up in the most unmistakable fashion the bungling of the late Government. More than that, in order to save the situation, I had to purchase \$33,000,000 of the securities of the Grand Trunk Pacific Railway Company guaranteed by the Dominion of Canada, and they are in the vaults of the Treasury to-day.

Sir ROBERT BORDEN: And purchase them at par.

#### HAD TO FIND FORTY MILLIONS.

Mr. WHITE: And, as my right hon. friend suggests, I had to purchase them at par. In connection with the implementing bungling and other bungling of the late Administration, I had to find no less a sum than \$40,000,000, at a time when the markets of the world showed greater stringency than at any time, I suppose, in the lifetime of anyone here. Yet hon. gentlemen get up and talk to me about the "rich legacy" I had, about the "solvent estate" that was handed over to me. And they call me "the prodigal son" because I had to take care of these obligations which they had incurred. Talk about large families? If obligations were children, my right hon. friend would truly, like George Washington, be the father of his country.



Let me ask my right hon. friend who has made an attack upon me to-day—and I must say I was surprised at its demagogic character; it did not seem to me to be quite in keeping with his ability as a statesman and parliamentarian—let me ask him, who bungled the Quebec bridge? Who let the contracts for the Eastern division of the National Trans-continental? Does he say that we should repudiate these contracts entered into by his Administration? For that is what is implied in the criticism of hon. gentlemen opposite. At least \$25,000,000 or \$30,000,000 will be required before the Quebec bridge is completed—I mean the total expenditure. Who conceived it? At whose instance was the work commenced and the contracts let? Am I blameable because I was obliged to find money for all these purposes, for the purposes of these huge enterprises undertaken, some of them most unwisely, by hon. gentlemen opposite when they were in power?

Now, let me say this to my right hon. friend—and I say it because I want him to remember it and the people of Canada to know it: upon four accounts alone during the last four years \$125,000,000 had to be found for works undertaken during the incumbency in office of my right hon. friend. That is greater than the entire revenue of Canada in the year preceding that in which we took office. So that, if he is basing his criticism of me upon revenue as well as expenditure of the year before we came into office, he must write off the revenue for one year.

So much for direct liabilities. But what about indirect liabilities? What about guarantees? Who initiated the policy of guarantees in this country. My right hon. friend the leader of the Opposition. \$125,000,000 were given in guarantees by his Government; \$70,000,000 to the Grand Trunk Pacific Railway Company, and, I think, about \$55,000,000 to the Canadian Northern Railway. Through the action of my right hon. friend these companies became involved with the credit not only of the Dominion but necessarily of the provinces as well, and the result is that we have been obliged to take the action for which we have been most severely criticised by hon. gentlemen opposite and in some places throughout the country. We have inherited not a rich legacy, but obligations such as have devolved upon no Government that ever held office in Canada; obligations for which we are not in the slightest degree responsible. These facts cannot be controverted; I defy any hon. gentleman to get up and say that I did not have to find the money which, as I have stated, I have been obliged to find. With what face does the hon. member for Halifax charge this Government with extravagance! When the charge of extravagance is passed from this side of the House to the other side, there is only one course for hon. gentlemen opposite to adopt, and that is to put up the white flag and throw up both hands, because no possible defence is open to them on the facts.

#### NO JUSTIFICATION FOR STATEMENT.

The hon. member for Halifax said:

There never was the slightest effort on the part of this Government to establish an equilibrium between income and outgo.

What are the facts? My hon. friend had absolutely no justification for that statement; he knew better. In 1912-13, the year after we took office, we had the largest surplus in the history of this country. I have not changed the methods of bookkeeping which prevailed under my predecessor—that cannot be controverted—and up to this year we have had to our credit as a Government the largest surpluses in Canada's history.

Can the hon. gentleman say that we have not established an equilibrium between income and outgo when we reduced in 1912-13 the national debt of Canada by not less than \$25,000,000? I want to say this to the hon. member for Halifax and to my right hon. friend the leader of the Opposition: On March 31, 1914, less than one year ago, the net debt of Canada was less than it was when this Government took office. Let me talk to my right hon. friend about debt. He has probably never been in debt, because he has no appreciation of what it means. He never had any appreciation of the meaning of debt when he was in office, and he needs some education in that respect even now. My hon. friend cannot get away from these figures, because they are official. From September 30, 1911, about the date we took office, to July 31, 1914, the end of the month preceding the outbreak of the war, the increase in the debt of Canada was only \$8,000,000. That was under Conservative administration. But for the period of two years and nine months preceding September 30, 1911, the Liberals, under my right hon. friend the present leader of the Opposition, increased the net national debt of Canada by \$70,000,000—nine times the amount of the increase—during the same period under Conservative administration. And, forsooth, we are extravagant. Well, I think that from this forward we will not hear very much about extravagance from hon. gentlemen opposite.

What is proposed by my hon. friend the member for Halifax? He says, drop public works. Then the hon. member for the city of St. John, coming along to conduct a sort of salvage operation to pull my hon. friend the hon. member for Halifax off the rocks, says: Let us stop in the Pickwickian sense in other words, let us slow down.

I am quoting from the remarks of the hon. member for St. John. Let me ask the hon. member for Halifax this: What did he mean when he said "establish an equilibrium between income and outgo"? If he did not mean that we should cut out \$60,000,000 of public works expenditure, I would like to know what he did mean. I estimated a revenue of \$120,000,000 and an expenditure of \$190,000,000 on consolidated revenue fund and capital account. If he says, as he did, that we should establish an equilibrium between income and outgo, that means that we must cut out \$60,000,000. The real fact of the matter is that the hon. member for Halifax said a great number of things; he was hedging in the matter.

#### LIBERALS WOULD STOP PUBLIC WORKS.

I am trying to quote my hon. friend's remarks fairly. I understood him distinctly to say—and if I am wrong it is open to him or any other hon. member to correct me—that the remedy was to stop public works. The hon. member for St. John, as I say, was engaged in salvage operations; he was stirred to his depths by the proposal that public works should stop. Let us see what he said. I have it here; it is one of the finest passages in parliamentary history, if not in all literature. He says, quoting the hon. member for Halifax:

They might have wiped out altogether expenditures for public works for the next fiscal year.

Then he adds this immortal touch, so far as literature is concerned: "That is, if need be."

What policy did I announce in regard to public works? In my August Budget and in the present Budget I said that there were no new items in the Estimates, that as to public works we should proceed only

as the sources of revenue from which expenditure might be defrayed were apparent. I met the situation. My estimates of last year were \$210,000,000. The Estimates I have presented to the House for the coming year are, according to my Budget, in the neighbourhood of \$180,000,000; as compared with \$210,000,000 last year. Let no man say that we are not trying to meet the situation. But we are not going to lose our heads. We are not going to destroy this country. My right hon. friend, too, and I am surprised at him, is evidently in favour of stopping public works. I want to recall to my right hon. friend, for probably he has forgotten it, just how strongly public works weighed on his mind years ago, just what importance he has in the past attached to the subject of expenditure on public works. I do not know anything that could have been closer to his heart. For what did my right hon. friend say at the Imperial Conference in 1907, on a motion by Dr. Smartt in which it was set out by way of resolution:

That this Conference—considers it to be the duty of the dominions beyond the seas to make such contribution towards the upkeep of the navy as may be determined by their local legislatures—

That is, by this Parliament and other parliaments.

—the contribution to take the form of a grant of money, the establishment of local naval defence, or such other services, in such manner as may be decided upon after consultation with the Admiralty.

What did my right hon. friend say upon that occasion? He said:

I am sorry to say, so far as Canada is concerned, we cannot agree to the resolution. . . . We have too much to do otherwise; in the Mother Country, you must remember, they have no expenses to incur with regard to public works.

Public works weighed so much on the mind of my right hon. friend at that time! They weighed more heavily on his mind than the supreme question of contribution to the defence of the Empire. He said:

Whereas in most of the colonies, certainly in Canada, we have to tax ourselves to the utmost of our resources—

And here he is to-day complaining about taxes!

—in the development of our country, we could not contribute or undertake to do more than we are doing in that way. For my part, if the motion was pressed to a conclusion, I should have to vote against it.

That is the importance and the weight my right hon. friend attached in 1907 to the question of expenditure on public works. He put it even before the matter of contribution to the defence of the Empire. In view of what my right hon. friend said in 1907 and thinks to-day, unless his views have materially changed since, I would ask him what his choice would be to-day if he had to choose between shutting down public works under contract in this country, and bringing down a \$100,000,000 Bill, representing what we propose to expend in the defence of the Empire?

#### MR. PUGSLEY'S "SACRIFICE" IN 1908.

And now I come to the genial and urbane member for St. John (Mr. Pugsley). I was afraid he might be thinking I had overlooked him, but no one can overlook him in this House. The other night I was impressed by a word that my hon. friend used. He does not often use it; it is a word that we would hardly associate with the hon. gentleman, although we hold him in very high esteem and regard. It was the word "sacri-

vice". He said, in substance, that the Hon. Mr. Fielding, when Finance Minister, had come to him in 1908 when the financial stringency was on, and said: "Really, you must cut down your Estimates." And the hon. member for St. John tells us that he cut them down fifty or sixty per cent. It seems strange that the hon. member for St. John should so willingly cut down his Estimates.

This was a case of such conspicuous, such unusual, such extraordinary sacrifice on the part of my hon. friend the ex-Minister of Public Works, knowing his predilection for public works as I did, that I looked this matter up, and this is what I found—too bad all these figures are on record. In 1906 the Estimates were \$14,000,000. In 1907, for nine months, \$10,000,000, which is about \$13,000,000 for the whole year; and in 1908, after my hon. friend had made the sacrifice, \$15,000,000. What a sacrifice was that, my countrymen! And what a job he was putting upon the Minister of Finance if he presented Estimates for double that amount, that is, \$30,000,000, as compared with \$13,000,000 the previous year. Of course he could afford to cut them down. He probably put the \$30,000,000 in so that he could cut it down to \$15,000,000, and still be considered in excess of the previous year. What year was that? An election year, 1908. It seems passing strange that the ex-Minister of Public Works should in such a year, an election year, say just as a matter of course: Oh, well, my colleague, the Minister of Finance, has just cut mine down fifty or even sixty per cent; but it is a sacrifice which I am glad to make at this time.

#### A RIDICULOUS STATEMENT TO MAKE.

Now, then, have we heard enough on the question of extravagance, that charge put forward against this Government? I say, Mr. Speaker, that the late Government were inventors, originators, parents, progenitors and propagators of the most inordinate, reckless, purblind and wilful extravagance that this country or any other British country has ever known. And the figures I have given and the statements I have made prove it. My hon. friend from Halifax (Mr. A. K. Maclean) put forward a most extraordinary assertion, and this time I will quote it. This is the statement he made in criticism of the Budget, and this is the second heading that I shall deal with:

I am of the opinion that our customs revenue will be found to have fallen but little as the result of the war. . . . I personally do not believe our loss in revenue is in any substantial degree attributable to the war.

That was a most extraordinary statement for the financial critic of the Opposition to make. I said the other night, and I desire to say it now as a foundation for the observations I propose to make, that there are certain things in this House that are taken as presumed; and one of them is the personal loyalty of every man in this House. If I have to say that my hon. friend from Halifax is not or was not aware of the effect of this war upon the trade of the world, that he has no adequate realization of its consequences, I do not desire to be taken as in any way reflecting upon his loyalty, because the two ideas are not in the least connected. It is not necessary that I should explain that to a man of the intelligence of my hon. friend from Halifax.

Let me point out to this House what was the situation created by this war not only in this country but in other countries. Stock exchanges of the world closed, trade cut off at once, automatically, with all enemy countries, international exchange absolutely collapsed, no transactions internationally possible financially, and few commercially because the

German raiders were threatening the commerce of the seas, finance and commerce all over the world almost prostrate, freights increased, risks of shipping so great that ship owners would not hazard ocean trips! Yet my hon. friend from Halifax says that in his opinion it ought to have had no appreciable effect upon our customs receipts. I pointed out in my Budget speech that this Dominion had been borrowing no less a sum than \$1,000,000 a day up to the time of the outbreak of the war. That borrowing was cut through as with a sword. How did we bring in the million dollars a day that we borrowed? My hon. friend from Red Deer (Mr. Michael Clark) is an economist of repute and even of renown. I ask him: how did we bring in the million dollars a day that we borrowed? Did we bring it in in gold? My hon. friend from Red Deer will be able to explain to the House that you could not bring it in in the form of gold. Great Britain would never part with a million dollars a day in gold.

When we borrow in Great Britain, we really import our borrowings; they may not come from Great Britain; they may come from some other country. In the past we have been importing from Great Britain and the United States but the million dollars a day that we borrowed from Great Britain came in the form of imports. How do I raise my customs revenue? From imports. My hon. friend's proposition is that you can cut off borrowings of a million dollars a day, and cut off imports representing a million dollars a day, and yet there will be no effect upon your revenue. A million dollars a day represents \$300,000,000 and more per year and my hon. friend says that it will have no effect whatever upon the customs revenue of the Dominion. I say, Mr. Speaker, that it is an affront to the intelligence of this House to argue that the war has had no effect upon the revenue of Canada. That cessation of borrowing at once diminished building operations throughout the whole country. Buildings that were under way, railway construction that was projected, stopped instantaneously. Why?—because the funds were not forthcoming. Moratory legislation in London prevented for months the payment of even the funds which have been provided for in advance. Yet my hon. friend says that it ought to have no effect upon the revenues of the country. My hon. friend pays an unintended compliment to this Government if he asserts that Canada is the sole exception in all this world and that the war on the gigantic scale upon which it has been waged has not had any appreciable effect upon the imports of this country.

#### THE EFFECT OF THE WAR ON TRADE.

Let me give my hon. friend a few figures, and I shall use figures very sparingly. These are official figures and they are not open to contradiction. Take the foreign trade of the United Kingdom; there was a decrease in imports in July last of 3.9 per cent. In June it had been only .1 per cent. In August, such was the effect of the war, that the imports of the United Kingdom dropped 24.3 per cent; in September 26.6 per cent; in October 28.1 per cent and in November 18.2 per cent.

Sir ROBERT BORDEN: Is that as compared with the previous year?

Mr. WHITE: As compared with the previous year, showing that the imports of the United Kingdom, which had begun to drop by July, decreased 24, 26 and 28 per cent for the months succeeding the outbreak of the war and the argument is that the war has had no effect upon Canadian imports. Take the United States, the great Republic to the south of us, and what is the position there? Why, the position is very similar. There had been an increase in United States imports to the end

of July. In the months of March, April, May, June and July the increases in the imports were 17.6 per cent, 18.9 per cent, 22.8 per cent, 20 per cent and 14.8 per cent. Then what happened? Then came the war and when I stated the other night that the war came along, arguing that it had had a definite effect upon this country's trade, I was met with a burst of laughter. The returns of the United States show that up to the month of July there had been an increase in imports from abroad. In August there was a 5.7 per cent decrease, in September an 18.1 per cent decrease, in October a 3.6 per cent increase, in November 14.7 per cent decrease and in December a 37.7 per cent decrease. The same is true of Australia and I have the record in my hand.

Sir ROBERT BORDEN: Give the figures for Australia.

Mr. WHITE: I do not want to weary the House. The returns for Australia for the months of March, April, May, June and July showed an increase of 17.3 per cent, 4 per cent, 15.4 per cent, 2.9 per cent, and 11.9 per cent respectively. Then what happened when the war broke out? In August there was a decrease of 4.5 per cent; September a decrease of 30.5 per cent, and in October a decrease of 28.3 per cent. Yet hon. gentlemen opposite tell me that the war has had no effect upon the revenues of this country. The sole exception in all the world is Canada! What a compliment—an unintentional compliment—to this Government that could bring about such a modern miracle!

Mr. PUGSLEY: It is not a compliment to this Government, but it is a compliment to Canada.

Mr. WHITE: I am very glad that my hon. friend has interrupted me, because I recall something that I had inadvertently overlooked. My hon. friend was speaking about the way they acted during the consulship of Plancus. Hon. gentlemen who have read their Horace will remember the consulship of Plancus, who flourished in the days of ancient Rome. Let me tell my hon. friend what happened in the year 1908, the year to which my hon. friend wanted to draw our attention. What were the total estimates for nine months of the year 1907, the year of the great panic? They were \$75,000,000, or for the whole year, \$100,000,000. Next year, 1908, the year in which my hon. friend made, not a sacrifice hit, but a sacrifice, the estimates of expenditure were \$124,000,000, and in 1909 they were \$133,000,000. Excelsior was his motto.

The total expenditure in 1905-6 was \$83,000,000, and in 1911-12, only five years afterwards, it was \$137,000,000. My hon. friend has asked me as to consolidated fund expenditure, and I answer him that in 1905-6 it was \$67,000,000 and in 1911-12 it was \$98,000,000. My hon. friend has also asked me about capital expenditure. The minor public works do not trouble a finance minister; what troubles him are these great undertakings such as we have inherited from the Liberal Government. It is not a question of finding a few dollars for a post office; it is a question of finding tens of millions of dollars, a considerable portion of which will be lost to the Dominion, in respect to some of these ill-advised projects which were undertaken by hon. gentlemen opposite. The capital expenditure in 1905-06 was \$12,000,000, and in 1908-09, under this excelsior policy—I had almost said this German policy of extension—it had reached \$42,000,000, or 3½ times what it was four years before. And yet I am charged with extravagance by these gentlemen opposite. Let me ask my hon. friend how he met that? Let me ask hon. gentlemen opposite how they provided this money that they required to meet the rising expenditure in 1905, 1906, 1907, and 1908, which culminated in the enormous expenditure of 1911-12.

## WHEN LAURIER RAISED THE PREFERENCE.

Let us see what is the difference made by them between the British preference in the year 1900 and the British preference in 1907. The hon. member for Frontenac (Mr. Edwards) put a statement as to this upon Hansard, and I have it here; and I will ask the right hon. the leader of the Opposition one or two questions concerning it. I want to test him and to find out whether he is absolutely—I am not permitted to use the word “sincere”—but whether he is really in earnest in asking why we raised the British preference. I ask my right hon. friend the leader of the Opposition, and I ask my hon. friend from Red Deer (Mr. Michael Clark) who is to follow me in this debate, to give attention to what I say now. I ask my right hon. friend the leader of the Opposition why did he, as shown by the hon. member for Frontenac (Mr. Edwards), raise the British preference on dry white lead from 3 1-3 per cent to 20 per cent; why did he raise the British preference upon white lead in oil from 16 2-3 per cent to 30 per cent, or just about double, and why, above all, and to this I direct the particular attention of the hon. member for Red Deer, did he raise the British preferential rate on wool cloth from 23 1-3 per cent to 30 per cent; why did he increase the British preference on wool clothing from 23 1-3 per cent to 30 per cent; why did he increase the British preference on silk clothing from 23 1-3 per cent to 30 per cent; why did he raise the British preference on paints from 16 2-3 per cent to 20 per cent; on varnishes from 13 1-3 cents per gallon and 13 1-3 per cent ad valorem to 20 cents per gallon and 15 cents ad valorem?

Did my right hon. friend do that for the purpose of adopting a protectionist policy or did he do it because he needed revenue?

There is no escape from the dilemma I present to my right hon. friend. He must say, if he answers at all, that he did it to give greater protection to Canadian industries, or he must say on the other hand, that he did it to get revenue, and there is no other possible answer open to him. And if the right hon. gentleman admits he did it on the ground of protection, then what does all this talk against protection mean from hon. gentlemen opposite, and what has my hon. friend from Red Deer to say to that? And if my right hon. friend admits that he did it not for protection but to raise revenue in order to meet the enormous increase in the expenditure of this country during the year in which this change in the British preferential tariff was made, then I say to him, if he had to do it then to get revenue, with what face can he say now—in presence of the greatest war in history, with finances and trade collapsed, and with our imports and borrowings cut off—you should not for the purpose of raising additional taxation, have increased the rate of British preference. We have not decreased the British preference. We have increased the British preference in the sense that it is more advantageous to the British manufacturer to-day than it was when I brought down my Budget.

My hon. friend from Halifax (Mr. A. K. Maclean) declares that additional taxation is unnecessary, and he says: establish an equilibrium between your income and your outgo. I estimated that for the coming year \$180,000,000 was necessary and I said that on the basis on which we then were of customs and excise duty, our revenue would be \$120,000,000.

Mr. PUGSLEY: How much of that is on capital account?

Mr. WHITE: I think \$40,000,000 was estimated on capital account, and \$140,000,000 on the other.

Mr. PUGSLEY: The hon. member for Halifax did not include that.

### HONOUR OF DOMINION AT STAKE.

Mr. WHITE: Then he should not talk of establishing an equilibrium between the income and the outgo. As we all know, there are public works in this country under contract, and the honour of this Dominion is involved in carrying out the contracts, and it is the same kind of money I have to find to pay capital expenditure as to pay consolidated revenue expenditure, and it represents the extravagance of hon. gentlemen opposite. What is the remedy? My hon. friend from Halifax disclaims and he says: "I did not say to stop all public works." I accept the hon. gentleman's word. There is no fairer member in this House than he, and I accept his word when he says he had reference to consolidated fund expenditure only. But what in substance is said to the people of Canada by hon. gentlemen opposite, and what is the effect which they intend to produce by this debate? Is it not to say to the people: The policy of the Liberal party is to stop expenditure on public works in this country, to reduce the \$180,000,000 to let us say \$140,000,000—the hon. member for St. John has added the words "if need be". Well, if he were sitting on this side of the House I do not think it would be a case of need be; I think he would be able to see that there would be no need to reduce the expenditure so far as he was concerned.

But what about the Civil Service? We have an organized Civil Service extending from the Atlantic to the Pacific. What are you going to do with it? Are you to break up your organization and dismiss your officials when you may need them in a few months hence? The hon. gentleman says that we have increased consolidated fund expenditure from October 1911 by some \$40,000,000.

The mistake made by hon. gentlemen is precisely what I pointed out the other night. Why, they think that this country has stood still. What are the facts? The year before we came into power the total trade of this country was \$750,000,000. The first year that we were in power one-half or a little more than one-half of which year belonged to hon. gentlemen opposite, the trade was \$850,000,000; the next year it was \$1,000,000,000, and the next year it was \$1,100,000,000. Has the country stood still? What about the extension of parcel post? What about the money that we have been obliged to raise on account of the bungling policy of hon. gentlemen opposite, to which I have already referred? Where is that money coming from? The machinery of the Government has had to be increased throughout the entire country. Of course, it had to be increased, if we were to meet our obligations as administrators of the affairs of this country. Therefore, it is only to be expected that the consolidated fund expenditure of Canada will increase. There are items in the Estimates which I announced that the Government would not proceed with until the sources of revenue from which they were to be defrayed were apparent; but I would point out to hon. gentlemen opposite that in this country there is such a thing as uncontrollable expenditure; and when contracts or obligations are entered into regarding the finishing of the National Transcontinental, regarding the completion of the Quebec bridge, regarding all those different works undertaken by hon. gentlemen opposite, is it to be laid down that in order to avoid this expenditure, we are to break those contracts, to do a dishonourable thing and to render ourselves liable to



actions on the part of those contractors who have their plants established and who are going ahead with the work in good faith?

Mr. PUGSLEY: Is it not true that in all the contracts of the Public Works Department, and, I think, also in all the contracts of the other departments, it is provided that, where the appropriation is exhausted, the contractor has no remedy, but must wait for further appropriations or can go on and wait for his money until Parliament votes it?

Mr. WHITE: I am surprised at my hon. friend, who is a lawyer, putting forward an argument of that character. It is true that in most of the contracts there is that clause. I will suppose my hon. friend to be a contractor—and he knows something about contracts. He has assembled a plant and has spent \$1,000,000 or more on his plant, and has several thousand men employed. Does my hon. friend mean to say that when a contract is entered into, although there is a saving clause of that character, the Government of this country is entitled to say to the contractor: "Quit work, and suffer whatever loss you may sustain?" Such action is absolutely unjustifiable.

Mr. PUGSLEY: The Government has done it frequently.

#### WOULD SIMPLY AGGRAVATE THE SITUATION.

Mr. WHITE: Some consideration might arise which might make it expedient to follow such a course; but if the Dominion Government closed down its contracts and threw thousands of men out of employment, what would be the next duty of the Government? To start relief works throughout the country in order that the men might not starve. As Minister of Finance I have had requests from provinces and from municipalities to assist them or to attempt to increase their credit with financial institutions in order that they might take care of the wholly abnormal situation respecting unemployment forced upon them by the war. An appeal was sent out yesterday to the Dominion Government and to all the provinces and the municipalities to create a great fund for the purpose of taking care of the unemployed.

We had a member of the Opposition—and the curious thing is that the Opposition have such an elastic policy on this as on all other questions—we had the Mayor of Montreal the other night not protesting against our continuing public works, but asking us to go on with more public works. Hon. gentlemen opposite speak about our extravagance and the works that we have undertaken. The right hon. leader of the Opposition and the hon. member for South Renfrew (Mr. Graham) within the last year or so have said: Yes, we are in favour of the Welland canal; go on with it; and in addition to that, go on with the Georgian Bay canal. What is the attitude of hon. gentlemen opposite with regard to expenditures? Have they been wise in their day and generation? Did they foresee this war? If they did, what accounts for their action in 1912? If we were to close down those public works, we should simply aggravate a situation which is bound to be serious enough in war time, and we should not save the expense, because we should have to establish relief works in order to relieve unemployment. It is a fortunate thing for the people of this country that they have in office at the present time men who do not become panic stricken, who do not lose their heads, who do not say: Stop all the public works in this country; but who say: We will proceed with such work as will afford employment and with those works especially which, at the present time, we have under contract for completion, having regard to the honourable discharge of our

obligations, and we will do the best we can with the fiscal measures which we have proposed to this House and with such borrowings as we may be able to accomplish in the money markets of the world.

My hon. friends, the member for Assiniboia (Mr. Turriff) and the member for North Oxford (Mr. Nesbitt), the other night asked the question: "What would any private business man do? Of course, he would shut down at once." The case of a private business man and the case of a government are two very different things. A private business man has no obligations outside of his own business and his own family. He can say: As for me, I will cut down my expenditure; I will dismiss every employee I have. To the credit of the business men of Canada be it said that they have not adopted that policy. A private business man would say: What have I to do with seed-grain distribution in the West? What have I to do with drought-stricken districts? What have I to do when calamity overtakes a portion of this country? He would certainly say: I have nothing to do with these matters; I am a private citizen. **The position of the Government, however, is different.** Government is much wider than business. Government is as wide as humanity. It touches humanity at every point. Business is only a division of politics, and public life is much wider than business life or private life. Therefore, the policy that might be adopted by a private individual is not open to the Government of this country to adopt, if we are to have any regard for the obligations that devolve upon us, charged as we are with the administration of the affairs of this country.

#### ARE NEW TAXES UNNECESSARY?

My hon. friend the junior member for Halifax (Mr. A. K. Maclean) says: "No new taxes are necessary." Does my hon. friend, who is the financial critic of the Opposition, mean to say that no new taxes are necessary at this juncture? I point out again that, from the right hon. the leader of the Opposition down, there has not been an appreciation—I say it with all respect and with absolutely no intention of imputing any improper motive—of the effect of this war not only upon the trade and commerce of this country, but upon the financial position in which we necessarily find ourselves, and which we have not sought after. In the Budget speech I stated that next year we should require to raise no less a sum than \$300,000,000. I am sure most of the hon. members realize what \$300,000,000 means. Are they aware that every day of the year, if we except Sundays, I shall have to provide no less a sum than \$1,000,000 for the expenditure of this country on war and on purposes other than war? Our expected revenue for next year was \$120,000,000, so that there is a difference of \$180,000,000 to make up. Yet the hon. junior member for Halifax says: "No new taxes are necessary." I tell hon. gentlemen opposite that if they do not understand the situation the people of this country do understand the situation; and one reason why my Budget was so well received—as it has been well received—throughout the country, was the profound and instinctive judgment on the part of the people that we had faced our situation and not temporized with it.

Now, the money for war is borrowed; and my hon. friend put forward this view: You are obtaining so much from the British Government. But we are borrowing the money just as much as if we had borrowed it in the open market. We increase the national debt, we are liable for the interest, and Canada is obliged to pay just as if she had borrowed the money in London, or in Paris, or in New York. There is no gainsaying that. What is the use of trying to draw a red herring across the trail?

Canada is committed this year to an expenditure of \$300,000,000—almost two and a half times the estimated revenue without this war taxation.

My hon. friend from Halifax, followed by my right hon. friend the leader of the Opposition, says that this is not war taxation. I confess, I had expected better from the right hon. leader of the Opposition, for such a statement is the very acme of absurdity and partisan misrepresentation. I have been abused a good deal about employing the title, "War Revenue Bill," and I propose to discuss the matter for a few minutes. I have been likened to a man who puts out a fraudulent prospectus. But I am not thin-skinned; I do not rise and indulge in heroics at such a charge; I respect the members of this House, and I think I have their respect, even if we do occasionally fight each other. But I have been likened to a man who puts out a fraudulent prospectus, stating this is war taxation when it is not.

#### ALL BELONGS TO ONE FUND.

All this money belongs to the one fund. Let me put it to my hon. friend from St. John City: Supposing that, instead of borrowing \$100,000,000 from the Imperial authorities, I had borrowed that \$100,000,000 in London, or New York or Paris. I should have had my revenue of \$120,000,000, the estimated revenue on consolidated fund account, and also the \$100,000,000 I had borrowed. Does any one mean to say that if, in order to meet that situation and prevent our national debt from increasing at an alarming rate, I bring down a measure for additional taxation to assist the revenue, that is not war taxation? The funds are not earmarked, the money I borrow in London and the money I raise here are all available for the purposes of Government—for the expenses of civil Government, for consolidated fund expenditure, for capital expenditure, and for providing the cost to Canada of this war; these are all mingled in the same fund. I think it is the pettiest quibble ever put forward by a great party to say that this is not war taxation. Take the tax that I am denominating especially a war tax—though they will all be included—that is, the stamp duty, I shall have to pay, and if hon. gentlemen will look at the Estimates they will see that I shall have to pay at least \$7,000,000 of interest upon the debt that we have incurred on account of this war.

It is a melancholy thing for me to be obliged to say—we shall have to provide, if we may at all depend upon the calculations of those experienced in these matters who should be able to make their calculations with a fair degree of accuracy, a pension list, and I am afraid a growing pension list, of between \$4,000,000 and \$5,000,000 a year. Does anybody grudge that a portion of these taxes should be used for the purpose of paying the interest upon this war loan and for a pension list which will insure to the widows and children of those who have given up their lives for the country that they shall not be reduced to penury? Are those war taxes or are they not? Now, come to the other taxes, the sums I am raising by means of tariff increases. What has caused me to raise the tariff? I pointed out that my borrowings were cut off in the markets of the world; I cannot go to the London market and get a dollar except with the consent of the British Treasury. And we are a belligerent, Mr. Speaker. One million dollars a day this whole country, including Governments, Dominion and Provincial, municipalities, corporations and individuals were borrowing and importing, and we were deriving our revenue from duties upon these imports. If that is cut off and I have to replace it, does any one dare to rise in this House and say that that is not war taxation? What caused it? The war. The man in the street knows it

was the war; there is not a child of ten years of age in Canada who does not know that it was the war; and hon. gentlemen opposite well know it is the war.

Now, the taxation proposed is the minimum measure which the Government could adopt unless it deliberately shirked its financial responsibilities. I say further that even if the \$10,000,000 that my hon. friend from Halifax, according to the hon. member for St. John City said should be cut off, or even if \$20,000,000 could be cut off the policy still is to raise money by additional taxation in order that the finances of this country may be dealt with in a proper way and that our debts may not increase at too rapid a rate. I have some regard for those who are coming after me; and I say it is the bounden duty of the people of this country—and I know they will discharge that duty willingly, loyally, patriotically—to meet the very moderate taxation having regard to the responsibilities we are assuming, that this Government is imposing in order that we may pay a share of the expenditures devolving upon the Government immediately or indirectly due to this war.

At six o'clock the House took recess.

#### MR. WHITE RESUMES HIS SPEECH.

The House resumed a eight o'clock.

Mr. WHITE (resuming): Before resuming my argument, I desire, in compliance with the request of my hon. friend the junior member for Halifax, to place upon Hansard details of the expenditure for the years 1906-7 and 1907-8, the last being the year in which, according to his own statement, the hon. member for St. John City (Mr. Pugsley) made his historic sacrifice. I stated this afternoon that I would supply the information, and that it would not be particularly comforting to the hon. member for St. John City.

This afternoon I gave the total expenditures for the years 1907 and 1907-8. In order that the record may be complete, perhaps it would not be out of place for me to mention the figures again. The fiscal year 1906-7 was one of only nine months; during that period the total consolidated revenue fund expenditure was \$51,000,000. Add one-third for the three months omitted, and you have \$68,000,000 as the approximate expenditure on consolidated revenue fund account for the fiscal year 1906-7 if it had been of the ordinary period of twelve months. For 1907-8 the consolidated fund expenditure was \$76,000,000 and for 1908-9 \$84,000,000.

Mr. A. K. MACLEAN: What was the expenditure for 1909-10, which was the year the Finance Minister cut down his ordinary expenditure?

Mr. WHITE: I beg my hon. friend's pardon; it was in 1907 that the financial stringency occurred in this country, and it was in the following year that the Minister of Finance attempted to cut down the expenditure. But the figures for 1909-10 are just as strongly against my hon. friend as those for 1908-9, because if we assume that the consolidated fund expenditure for 1906-7 was \$68,000,000, then for 1909-10 it would be \$79,000,000.

Mr. MACLEAN: How much less than that of the preceding year?

Mr. WHITE: On consolidated fund account, \$5,000,000 less than that of the preceding year. As to capital expenditure—because there is capital expenditure in the Department of Public Works and in the Department of Railways as well as consolidated fund expenditure—for the nine months period of 1906-7 the expenditure on capital account under the late Administration was \$11,000,000. 1907-8 was the year of the financial stringency, and the only one in respect of which a comparison may be made with the present period so far as the question of the reduction of expenditure is concerned. For the year 1907-8 the capital expenditure had grown to \$30,000,000, almost double what it would have been during the preceding fiscal year had that year been a period of twelve months. It is no wonder that in 1909 my predecessor insisted on cutting down the Estimates, because for the fiscal year 1908-9 his expenditure on capital account had grown from \$11,000,000 three years previously, from \$14,000,000 two years previously and from \$30,000,000 one year previously, to the colossal sum of \$42,000,000. I wish to point out to my hon. friend that during the fourteen months of which the fiscal year 1907-8 was a portion and during the remainder of the calendar year 1908, my predecessor borrowed on the London market no less a sum than \$110,000,000. I may hold the record as a war borrower, but my predecessor holds the blue ribbon among finance ministers as a peace borrower.

Mr. PUGSLEY: Will the Finance Minister state the purposes for which his predecessor borrowed that money?

#### EXTRAVAGANCE MADE IT NECESSARY.

Mr. WHITE: He borrowed it to meet the consequences of the extravagance to which I have referred. He borrowed it because the late Government, instead of being able to build the National Transcontinental railway for \$13,000,000 as estimated by my right hon. friend the present leader of the Opposition and \$60,000,000 as estimated by the late Minister of Finance (Mr. Fielding), found themselves confronted with an expenditure which has run into \$200,000,000. Mr. Fielding did not want to borrow the money; he was obliged to do so, and he borrowed \$110,000,000 within a period of thirteen or fourteen months. There has been nothing like it since Confederation.

Following up that line of argument, and to give the remainder of the detailed information asked for by the hon. member for Halifax—for the comfort, too, of the hon. member for the city of St. John—I may say that the total estimates presented to the House for the nine months ended March 31, 1907, amounted to \$74,000,000. Add one-third of that and you get approximately \$100,000,000 for a period of twelve months. For the fiscal year ended March 31, 1908, the aggregate of the Estimates was \$124,000,000, and for the fiscal year ended March 31, 1909, the total Estimates were \$133,000,000. Yet hon. gentlemen charge me and this Government with extravagance.

Now we come down to the particular department over which my genial friend the member for the city of St. John presided. I have under my hand a statement prepared by my deputy as to the total public works estimates, capital and income, presented to the House for a certain number of years. I find that for the nine months ended March 31, 1907, the main consolidated and supplementary consolidated estimates for the entire year amounted to \$10,000,000. Add one-third, and we have approximately \$13,000,000. In the following year, in which my hon. friend says that he made a sacri-

five, we find that it had run up to \$15,000,000, and in the next year, in which my hon. friend the member of Halifax claims the sacrifice was made, it had run up to no less a figure than \$20,000,000.

Mr. PUGSLEY: How much of that was against consolidated revenue and how much against capital?

Mr. WHITE: I have told my hon. friend. The figures I have given are on consolidated account. The figures on capital account run into a much larger sum. I am glad my hon. friend has drawn attention to this, because there was an omission in my statement. The main consolidated and the supplementary consolidated for the year ending March 31, 1907, was \$7,685,000. Add one-third to that and we get approximately \$10,000,000 on consolidated fund account. For the fiscal year ending March 31, 1908, we have on consolidated fund account \$12,000,000; for the year ending March 31, 1909, nearly \$17,000,000. Now my hon. friend has the information.

When the House rose, I was about to deal with the taxation measures which I introduced to the House and to the country upon the occasion of the Budget speech. What was the object, Sir, of those taxation measures? The object was to supply a portion of the expenditure which we are making in connection with this war, and to maintain upon a proper basis the financial credit of this Dominion. Notwithstanding any suggestion of my right hon. friend to the contrary, that was the only purpose; and there was no other purpose whatsoever. I say now to my right hon. friend that this Government and any Government confronted with the situation with which we have been and are confronted, must either impose further taxation or cease sending troops to the front. I say on my responsibility as Minister of Finance that we must raise additional revenue by the imposition of further taxation or cease sending troops to the front to participate in the defence of Canada and the Empire. And I defy any man in this House to controvert that statement. Does any hon. gentleman suppose that we should be justified in pursuing the weak financial policy of resting with a revenue of \$120,000,000 when we are confronted with the necessity of raising for the coming year no less a sum than \$1,000,000 a day, excluding Sundays, or a total of \$300,000,000 a year? Into what financial position would this Government and this country drift if I should fail to face the situation, if I should temporize with it? I should be derelict in my duty if I did not resolutely cope with this situation. The public of this country expect me to discharge my full duty in that regard; and I have done it.

#### ERRED ON THE RIGHT SIDE.

I say further that, giving the House and the country the benefit of such financial experience as I have had, instead of raising too much money by taxation I have erred, as I intended to err, on the other side; and I pledge my reputation as a financier that the leading financiers of the world would say: You have not gone far enough, you should have raised more money by taxation instead of less money. But I am content to bear that criticism, for, as a matter of fact, on account of the profound dislocation of business, on account of the condition of this country by reason of the war, it was my desire to impose as small a measure of taxation as was consistent with dealing with this matter on a reasonably proper basis.

If hon. gentlemen opposite are heart and soul with this Government in the prosecution of this war, and I make no comment as to their inten-

tions or motives, I say they must take one of three courses. There is no alternative left to them. They may either say: Cease sending troops to the front; and I do not understand them to say that. They may as an alternative suggest another method of supplementing our revenues, so as to meet the situation with which we are confronted. Or, if they are sincere in their statements that they desire to co-operate with the Government in prosecuting this war, they must concur in the proposals of the Government. **There is no escape from those three positions.**

In addition to borrowing the \$100,000,000 from the Imperial Government, I shall have to borrow during the coming year the difference between \$120,000,000 and \$200,000,000, or raise a part of it by revenue; and I propose to raise a part by revenue, and borrow the balance. Does my hon. friend think that, at a time when I am increasing the national debt by borrowing \$100,000,000 for war, I should not have had regard at all to the fact that I shall have to borrow \$50,000,000 or \$60,000,000 in the open market, and further increase to that extent the national debt of this country? What would my successor in office say if I adopted the weak financial policy of saying there shall be no increase in taxation; we will not face our situation at all; we will borrow all the money? I doubt very much if we would be permitted to borrow on the London market unless we showed as a matter of fact that we were prepared to shoulder a portion of our expenditures for this coming year.

No proposal has been put forward as an alternative to the fiscal measures I introduced here for the purpose of supplementing the revenue. There is the situation which exists, and the facts cannot be controverted. This government, on account of the war, as I showed conclusively this afternoon, is face to face with a situation in which there is a difference, a gap, between estimated revenue on the old basis and expenditure of no less a sum than \$180,000,000, of which I shall borrow \$100,000,000 from the Imperial Government.

#### WHERE IS THEIR ALTERNATIVE?

That leaves over \$80,000,000 still to raise. I ask: Where is the alternative proposition brought forward by hon. gentlemen opposite? I have shown conclusively that unless we are going to dishonour the Government by breaking contracts entered into by hon. gentlemen opposite in regard to large public works in this country, unless we are going to stop all expenditure of money upon public works and turn hundreds, if not thousands, of men out of employment whom we would have to support afterwards by means of relief work, we must raise additional revenue.

No suggestion of a feasible character is forthcoming from any hon. gentlemen opposite. The only hon. gentleman opposite—and I honour him for it—who came forward with a suggestion—and I now propose to show that it is entirely not feasible—was the hon. member for Saltcoats (Mr. MacNutt). I did not have the pleasure of listening to the hon. gentleman yesterday, although I read his remarks, and as I understand him he said that we should have raised the additional revenue required by an income tax and a tax upon land. I dealt with the income tax proposition in the Budget, and I pointed out conclusively that upon the basis of the American income tax upon individuals we could not hope to raise more than \$2,000,000. I pointed out another consideration. Municipalities and provinces assess individuals upon income. I see in the reports in the papers that the province of Ontario and the province of Nova Scotia are imposing a tax upon

income, personal property and real property. My hon. friend suggests that we should pile Pelion upon Ossa and Olympus upon both, and add to the taxes of the municipalities and the provinces, by which we would not be able to raise more than \$2,000,000. What about the expensive machinery of collecting that amount, and how long before the revenue would come in? There must, in the first place, be an assessment, and there must be an opportunity for appeal against that assessment. There must be tribunals created throughout the country for the purpose of hearing appeals and settling assessments. There would be an appeal from all these bodies, and afterwards there has to be provided the machinery for collection. How much would be left of the \$2,000,000 which we would raise from only such tax? Supposing I raised the whole of it, supposing I raised \$2,000,000, let us say \$3,000,000, let us say \$4,000,000, what does it amount to in Dominion finance? Nothing has impressed me more than the total inadequacy of the suggestions which come from various parts of the country, and which, although the people who make them are not blameworthy, show that they simply do not understand the situation of the futility of the suggestions they make for meeting the financial needs of the Dominion. Their idea is that we might raise \$4,000,000 or \$5,000,000 in this way. At a rate of expenditure of a million dollars a day how long would it last? Sometimes that amount is paid out inside of half a day. I must cope with my situation, I must take measures that are adequate to meet the situation, and I say that an income tax would be a broken reed as far as Dominion finance is concerned.

Take the land tax. In various papers the suggestion has been made to tax all unoccupied land. There has been brought to my attention by municipalities for months past this state of affairs. We have taxes outstanding that we cannot collect. I am not going to specify the parts of the country in which this condition particularly obtains. They say: Will you arrange for us to get credit at the bank, because we cannot collect taxes; they are in arrears, one, two or three years. Let me ask this House, this body of intelligent men: How much would I raise in ready cash, how many millions of dollars could I take from the owners of unoccupied land in this country and within what time could I take it? The obligations of the Dominion must be met on the nail. Bills come in and the cheques must issue. I cannot wait for the slow processes of an income taxation measure. I cannot wait for the slow processes of a measure of taxation upon unoccupied lands. Not only that, but I must always bear in mind the supreme fact that I referred to in the Budget that, under the British North America Act, while it is open for the Dominion to impose direct or indirect taxation, as far as the provinces and municipalities are concerned, they are limited absolutely to direct taxation; and I lay down the principle, and I think it is a sound principle, that unless the national necessities imperatively so demand, the Dominion Government should not invade the field to which the provinces of Confederation are confined. The only suggestion of a constructive character is that made by the hon. member for Saltcoats. No other suggestion has been put forward that is feasible or practicable. There are three alternatives, three propositions, and I will mention them again.

### NOT EVEN ONE OF THE THREE.

The Opposition to be consistent, if they agree, as I assume they do, in our participation in the war, must say: Cease sending troops; or they must suggest an alternative, a feasible and proper method of obtaining revenue,



or they must agree with the proposals of this Government. They have done, Mr. Speaker, not one of the three—absolutely not one of the three. I await some other suggestion that will solve the problem. This Government is in its present position through no fault of its own. We are not responsible for the enormous expenditure undertaken before we came into office, we are certainly not responsible for the acts of the German Emperor in bringing on this war. Our problem was to devise ways and means. I call attention to what I said in August. My right hon. friend the leader of the Opposition says: You are taxing the poor man, you are letting the well-to-do man escape, you are taxing necessities and not taxing luxuries. When I heard my right hon. friend say that I wondered if he had overlooked the August session. I taxed practically to the limit, liquors, cigars, and tobacco, and I said at the time that I expected my fiscal proposals would on the basis of this past year raise a revenue of about \$14,000,000. But I subtracted about one-third from it and I thought we might get an income of \$10,000,000 if things were at all as we expected. I pointed out that on account of the situation that existed, with the uncertainties and vicissitudes of a war like this, I put forward my view with the utmost hesitation and diffidence. I am on record as saying that. But I calculated that we might get in the neighbourhood of \$10,000,000 for a twelve-month year and I said that I hoped to get about \$7,000,000 for the balance of the fiscal year from August to end of March current. My hon. friend must not overlook that. I taxed there what are known as sumptuary articles, articles which are certainly not necessities but luxuries and which the people can do without. I taxed articles of that kind, and I calculated to raise a large revenue, and now I am confronted with the situation which I have disclosed in full to the House. And, what have I done? It is my duty to devise ways and means to meet the situation, and my only motive in bringing down these fiscal proposals is to enable this country to meet in part the expenditure of this war, and to maintain the credit of the Dominion of Canada.

I divided my fiscal proposal into two parts: special taxation and general taxation. My right hon. friend had a good deal to say about my special taxation, and he was pleased to treat it with a good deal of levity and some ridicule. I do not believe the right hon. gentleman understands it. My right hon. friend referred to the tax upon railway tickets, and let me ask him a question in connection with that? Is he not aware that it is a fundamental principle of taxation that if you carry a tax beyond a certain point—and it requires very nice discrimination to fix that point—you defeat your own purpose? This question of putting a tax on railway and pullman tickets is a matter that gave me a great deal of concern and I inquired into it most carefully. Let me tell my right hon. friend that, had I raised unduly the tax upon railway tickets the inevitable effect would be that those who live near the border in Canada would travel over the railways of the United States to their destination. It occurred to me at once that there should be a larger tax upon sleeping-car and parlour-car seats, but let us take the case of a person who is travelling from Montreal to Toronto, or from Windsor, or from Chatham, or from London, through to Winnipeg or Vancouver, and what would have happened if I placed a larger tax on railway tickets? Why, they would simply go to their destination via United States railways. I had to give attention to the same thing in connection with my proposal respecting the taxation of tickets upon steamships; I had to consider the competition of the United States steamship lines.

### THE POOR MAN NOT AFFECTED AT ALL.

I did not bring down an undigested measure to this House; I thought this thing out. My right hon. friend speaks about the poor man travelling on a second-class ticket, and in that connection let me make my hon. friend acquainted with (because I do not think he knows) the proposals. In the first place, so far as railway tickets are concerned, up to one dollar there is no taxation whatever. It is only when a ticket costs over a dollar, and from one dollar to not more than five dollars, that there is a tax of five cents, or a maximum percentage of five per cent. On tickets valued over five dollars for each additional five dollars or fractional part of five dollars which the ticket costs the charge is five cents. **Will the right hon. gentleman tell me how any poor man is injured by that?** It is a small tax, and it would seem to me that it is only a five cent matter that the right hon. gentleman wants to talk about. My right hon. friend this afternoon drew a picture—and it seemed to me it was a demagogic picture—of the pampered son of wealthy parents, who he said had never done an honest day's work in his life. Well, there is many a man who is the son of wealthy parents—I never had that advantage myself—who is not dishonest. But the right hon. gentleman pictured this son of wealthy parents, lolling in luxury, with pillows surrounding him, such as the right hon. gentleman is accustomed to, in the pullman, and no doubt he spoke as one having experience. My right hon. friend, no doubt, travels in that way all the time; he travels in luxury, and whether he travels on a pass or not I do not know. I hope he does; I have no objection whatever to his travelling on a pass. My right hon. friend overlooked another thing—as to whether he intentionally overlooked it or not I have very great doubt—but, take a chair car ticket from Toronto to Hamilton, which costs 25 cents. And a man pays 5 cents on that, which is a percentage of 20 per cent. The poor man is taxed only 5 cents if he chances to buy a ticket which amounts to one dollar in value, or a maximum of 5 per cent, and the man who habitually takes a chair car, and pays 25 cents for the privilege, is also taxed 5 cents, or 20 per cent, just as he would in respect to a dollar or a two dollar charge for a chair. Adding it all together, you will find that the man who habitually uses a chair car will be fairly heavily taxed, and that is a factor in the case. Had we increased the tax on the sleeping-car tickets and the chair car tickets—and the same will apply to the ordinary ticket—beyond a certain point every man who lives near the border would in all probability travel by the United States, if he is going to a western point, in order to save any heavy tax that would be imposed on him.

This measure was thought out carefully, Mr. Speaker. I do not like hon. gentlemen opposite to think that I bring down any half-digested or ill-digested measures to this House. Although I do make mistakes, as any man may, and a man who never makes mistakes never makes anything, I feel that I have made no mistake in these fiscal proposals.

### IT FALLS ON THE BUSINESS MAN.

My right hon. friend has also spoken about the poor man having to pay an increase of 50 per cent upon the letters he mails. That was not a fair argument, and I will tell you why. Who writes the most letters in this country? Is it the business house or the ordinary man, or the poor man, speaking generally? The ordinary man does write an occasional letter, but the business houses of this country are writing hundreds of letters every day. **And that is where that tax is going to fall.**

It is going to fall upon the men who can afford to pay it, and I would have a much poorer opinion than I have of the people of this country if I thought that the men, on behalf of whom these appeals ad misericordiam are put up, were unwilling to pay their mite in order to assist in this war we are waging for civilization. At the autumn session I exhausted the revenue possibilities on liquors, cigars and tobaccos, and what was I to fall back upon—unless I was going to put this country in a position in which its finances would be unsound and incapable of sustaining the situation created by the war—except the tariff. The point escaped the observation of my right hon. friend, or he intentionally overlooked it, that in order to raise additional revenue under the tariff as it existed prior to the 12th of February last I was obliged to put a tax upon free goods and raw materials. I know as well as anybody knows that when you get beyond a certain point you are not likely to increase your revenues and of course that is common knowledge to every man who knows anything about taxation measures.

Where was I then to meet the requirements of the situation? I had to tax raw material and I had to tax free goods, and consequently I imposed a horizontal increase of  $7\frac{1}{2}$  and 5 per cent. What followed from that? It followed necessarily from that—and I do not believe any hon. gentleman in this House will get up and say it could be avoided—it followed necessarily from that, that I was obliged to increase the duty upon the finished article. If tomorrow my right hon. friend were a manufacturer in this country, and if the duty upon his coal and his raw material and his partly finished product were increased, what would the position be, if we failed to increase also the duty upon his finished article? Only one thing would happen to him—he would have to give up business. Therefore, it follows that when I was obliged, as I was, to increase the duty upon raw material and upon the partly-finished product used by the manufacturers and business people of Canada for the purpose of making the finished product, I was obliged also to raise the duty upon the finished product. Any other course would have been fraught with the most disastrous consequences to the business interests of this country. No other course has ever been pursued by any Minister of Finance in this country, including the Minister of Finance who preceded me. So far as I know, there never was any increase, if the tariff had been at all properly adjusted before, in which an increase in the duty upon raw material was not accompanied by an increase in the duty upon the finished product. That is trite and commonplace knowledge.

Hon. gentlemen opposite raise the objection that the manufacturers will benefit. Have they taken into consideration the fact that I am trying to raise by these tariff changes some \$20,000,000 to \$25,000,000; that I am taxing raw material; that I am taxing free goods that the manufacturers had available before; that I am taxing the partly-manufactured product used as raw material by the manufacturers? If the manufacturers have to pay that increase, as they will have to do, must they not have an increase on the finished product? Since I have been in this House, hon. gentlemen opposite have never ceased to criticize adversely the industrial interests of this country. If I am right in stating that I was obliged to resort to the tariff—and to impose a duty upon free goods and raw material, and no alternative has been put forward by hon. gentlemen opposite—then is it an answer to say that the manufacturers are getting an increase upon their finished product? What will hon. gentlemen opposite do with the manufacturers if I am obliged to impose this duty? Will they drive them out

of Canada? Will they destroy their establishments and thus throw hundreds of thousands of men out of work? If my argument is sound, that I had to resort to the tariff, then there is absolutely nothing in the contention of hon. gentlemen opposite that I should not resort to it by reason of the fact that an increase is made upon the finished product of manufacture.

#### WHAT THESE MEAN TO CANADA.

Let us see what these industrial institutions mean to this country. The Government has a large family to look after. We have not only the farmer, but the artisan, the labouring man, the industries and the business men of this country. We must look after them all. There is no better friend, so far as I know, of the farmer of this country than I am. There is no kind of farm work that I have not done in my time; there is no man in a better position to know the needs of the farmers than I am in, and since I have been in this House I have never denied to the Minister of Agriculture, and I never will deny him, any sums of money that he considers necessary for the purpose of furthering the farming industry, the great basic industry of this country. Hon. gentlemen opposite have spoken about increases made on Consolidated Revenue Fund. Let them compare the Estimates for agriculture for this year with those of four or five years ago. Yesterday I brought down an estimate for no less a sum than \$10,000,000 to relieve, in proper cases, those in the drought-stricken districts in the West, and to assist them in purchasing seed grain for the coming crop.

With due respect to hon. gentlemen opposite, I say that these taunts against the Canadian manufacturers and the industrial establishments and the workmen and artisans of this country should be stopped. Will my hon. friend the member for Pictou (Mr. Macdonald) share in those taunts that are flung across the floor of this House about the privileged classes; that is to say, those engaged in industrial pursuits in this country? According to the last census returns there was no less a sum than \$1,200,000,000 of capital invested in industrial concerns in Canada; there were no less than 500,000 artisans and employees supporting themselves and their families by the products of their labour in those industrial establishments; and those men were paid no less a sum than \$250,000,000 per annum. Since the outbreak of war the business interests of this country have not complained; they have manfully borne their burden, and in some cases it has been a heavy one by reason of the cutting off of our borrowings and the diminution of capital expenditure. They have tried to hold their organizations together; they have tried to give such work as they could to their work people, and they deserve not recrimination, not denunciation, but the credit that should be accorded to all Canadian citizens when they are doing their duty to themselves and to those in industrial relationship to them.

Made in Canada! My right hon. friend the member for Red Deer (Mr. Michael Clark) says: "Made in Germany." My hon. friend is an economist; he has studied political economy. When I speak about economics, I always feel that my hon. friend understands me, and I understand him when he is speaking about economics. Let me ask my hon. friend this question: when a private individual determines to economize, when he finds that he must curtail his expenditure, what does he do? He does a great number of things for himself which he formerly engaged others to do; he makes a number of things for himself which he formerly paid others to make. Take the case of a nation. When a time like this occurs and when war dislocates the business of the world, what does a

nation immediately do without knowing the principles of economics as my hon. friend and myself understand them? The nation says nationally: If we increase our imports too greatly at this time, and if our exports do not increase sufficiently to meet them, unless we are borrowing, what will happen? We must export gold. My hon. friend the member for Red Deer knows that just as he knows the tables in mathematics. That is axiomatic. And what is the feeling underlying the instinct of the Canadian people in favour of this movement? It is that at this time—I do not say another time, because the movement has taken form at this time—what we can manufacture in Canada to advantage we want to manufacture in Canada in order that we may be able to keep our establishments going, maintain our staffs, keep our operatives employed and add to the general prosperity of the country. Is there anything wicked about that?

Mr. CLARK: Only stupid.

#### LIBERALS CALL IT STUPID.

Mr. WHITE: The hon. gentleman passes a very serious reflection upon a number of very worthy people in this country in saying that those who are in favour of made-in-Canada goods at this time are simply stupid. I do not think they are stupid at all.

My right hon. friend (Sir Wilfrid Laurier) referring to the tax on banks and trust companies, spoke with a great deal of humour about our touching the epidermis of the banks and trust companies. Now, I will ask him, and I will ask the hon. member for Red Deer who is to follow me, a question: We are taxing the Bank of Montreal about \$150,000 a year; we are taxing the Bank of Commerce about \$135,000 a year; we are taxing the Imperial Bank about \$60,000 a year; and other banks in proportion. If my right hon. friend the late Prime Minister was of the opinion that that is good legislation and mild legislation as a taxation measure, will he explain to the hon. member for Red Deer why it was that in the year 1904 he raised the British preferential rate on woollen goods from 23 1-3 to 30 per cent. If it was a revenue measure, he would have derived more revenue from adopting the course I have adopted. Why, he actually raised the British preferential rate upon granite headstones, so that those that a man left behind after he had gone to the grave would have to pay a heavier tax upon their importation from Great Britain.

The right hon. gentleman spoke about our tender treatment of the distiller. Why, he asked, did you put on an increased customs duty without putting on a compensating excise duty? In his airy fashion he had overlooked the fact that we are imposing higher taxes upon the distiller for all the raw material he uses, including coal, and also upon the machinery which turns out his product.

#### INCREASE THE BRITISH PREFERENCE.

The right hon. gentleman talks about the British preference, about the Government and about hon. gentlemen on this side never having been in favour of the British preference. Who brought forward the idea of a British preference? He knows as well as he knows that he is sitting in that chair that, although we have raised, as I shall show we were bound to raise, the British preferential rate, we have increased the preference or advantage to the British manufacturer. Let me give a simple illustration that my right hon. friend will not fail to understand. Let us assume that upon a certain line of goods the general tariff previous to my bring-

ing down my fiscal proposals was 30 per cent, and that the British preferential tariff was 20 per cent. On \$100 worth of goods brought into this country what would have been the preference in favour of the British manufacturer? Ten dollars. Increase the general rate by  $7\frac{1}{2}$  per cent, make it  $37\frac{1}{2}$  per cent, and increase the British preferential rate by 5 per cent, making it 25 per cent, and how much now has the British manufacturer by way of advantage over his foreign competitor? **Twelve dollars and a half as compared with ten dollars which he had before.** Hon gentlemen will say: You block them from coming into the country. Take the free list alone, amounting to about \$25,000,000 of goods coming in from Great Britain. Nobody supposes that a tax of 5 per cent. is going to prevent the Canadian people from buying these goods. If hon. gentlemen opposite put forward their contention—and I am not controverting it—that the consumer pays the tax, I say that upon this list of goods formerly free and now subject to this increased duty the people of Canada will pay the tax, and they will pay it gladly because they know its purpose and object.

What is preference? Preference is the advantage which one nation enjoys in the markets of another as compared with competing nations. Any one knows that who knows anything about fiscal matters at all. Now, the list of free goods representing importations from Great Britain of \$25,000,000—take these alone, to say nothing of the others—and what was the position before I brought down my fiscal proposals? The position was that the British manufacturer was competing on even terms with foreign nations in this market. What is the position to-day? **The position to-day is that we have increased his preference, and he is in a better position with regard to those goods than he was before February 11, 1915.** That statement cannot be controverted. It is absolutely axiomatic; it is the truth, and the people know it is the truth.

There is another fact in connection with this matter that I would commend to the consideration of the hon. member for Red Deer, my fellow economist in this House. We are increasing our exports to Great Britain, and I hope we shall continue to do so. The hon. member for Red Deer will not deny that if we increase our exports to Great Britain, we will necessarily increase our imports. Apart from the dislocation of ocean traffic caused by the war, no man need tell me that the fiscal measures which I have introduced will be any obstruction to British trade with Canada; I say the result will be quite the contrary. It is true that if our merchant marine is not on the sea; if our ships are commandeered or requisitioned, as they were last fall on the Atlantic and on the Pacific, as was pointed out by the hon. member for Vancouver (Mr. Stevens), there will, of course, be interruption of trade. But that interruption of trade will not be due to my fiscal proposals; it will be due to the war, and primarily to the German Emperor, for whose acts I must disclaim responsibility.

#### RAISE ONE, RAISE THE OTHER.

I am going to assume that hon. gentlemen opposite are absolutely sincere in the contentions that they put forward in this House. My right hon. friend said: why did you raise the British preferential rate? Any hon. gentleman on the other side of the House who has studied the subject knows that **if we raise the general rate we must raise also the British preferential rate.** Take the case of iron and steel manufactures. I ask the attention of the hon. member for Pictou (Mr. Macdonald) to this point. They have to pay duty on ore, coal, coke and other materials; I explained to the House why I had to levy a tax on raw materials. Will

the hon. member for Pictou rise in his place and say to me: You would be justified in increasing to Canadian manufacturers the duty on ore, coal, coke and other materials, without increasing the British preferential rate also? What would be the effect of this upon the great industry in the constituency of my hon. friend the member for Pictou? It is perfectly obvious that the British manufacturer would get in his coal free, his coke free, his ore free and his raw material free, and if I did not increase the British preferential rate as well as the general rate, I would destroy these Canadian industries. I said once before in this House, and I say now, that I am not here to destroy; I am here to construct and to build up. Take the case of hides and tanning material. Does anybody mean to say that we are not obliged to increase the British preferential rate upon leather when increasing the duties on hides and tanning materials? In what position would the leather manufacturers of Canada be in, if, having to pay an increased duty upon hides and tanning materials, they had not the benefit of the British preferential rate upon their finished product in order to put them on a parity with the British competitor in this market? The same thing applies to woollens. If, for the reasons which I have given, I increase the duty upon foreign wool, dye-stuffs and other material used in the woollen industry, must I not increase also the British preferential rate upon the product of the woollen manufacturers? I could give instance after instance of a similar nature. Take the cotton spinning and weaving industry. Could manufacturers of these products afford to pay  $7\frac{1}{2}$  per cent duty on raw cotton if the yarn and fabrics produced in Great Britain from similar material were allowed entry at customs at the British preferential rates in force previous to February 11? I think I have, therefore, sufficiently disposed of the arguments advanced by my right hon. friend with regard to my fiscal proposals in so far as they relate to the British preference.

I have been abused with respect to the action of the Government in the matter of the British preference. The hon. member for Assiniboia (Mr. Turriff) the other night invoked the Deity; he said: "For God's sake, keep your unholy and disloyal hands off the British preference." He challenged us that night to appeal to the country, and I observed the next morning—without surprise—that the clock in the tower had stopped during the night. My hon. friend knew his man. He and I are on terms of amity and friendship; if he had addressed that remark to the hon. member for South Renfrew (Mr. Graham), the evening could not have ended without tragedy. He felt safe, however, in accusing me of having unholy hands and of being disloyal. He knew that I knew I was not disloyal; and I knew that he knew that I knew that he was not disloyal, and no harm resulted. But it is not a very desirable thing to be called disloyal.

#### BEHIND THE MEN IN THE TRENCHES.

The hon. member for Red Deer (Mr. Michael Clark) said in the debate on the Address—and I adopt the sentiment that he expressed: "Let the Government place itself behind the man in the trenches." **That is what this Government has been doing and intends to do.** From the outset I said as Finance Minister—and my leader has said it before me—that our first business is war until this war is concluded. **Shall we send our flesh and blood to the front and boggle over a matter of taxation necessary to maintain them there?** Our object, as I have said, is to raise money for the prosecution of this war, either directly or indirectly, and I believe the people will pay it cheerfully, loyally and patriotically.

The attack upon this Budget has signally failed; and it failed because it was fundamentally unsound. The speech of my hon. friend from Halifax, which he had ten days to prepare—and I should like to know the perplexities of mind that he experienced in preparing that speech—was a case of special pleading. I have often heard that the duty of an Opposition is to oppose. Mr. Speaker, I do not believe it. I say it is the duty of an Opposition to oppose in a proper case; and I say that this is not a proper case in which the Opposition should oppose. I have disposed this taxation in such fashion that the people of this country regard it as equitable and just. I have placed taxes upon luxuries; I have taxed liquors; I have taxed tobacco to the utmost it will stand, and there is a point beyond which you will diminish, and not increase, your revenue. I have imposed taxes upon the financial institutions of this country. I have imposed taxes which will fall the most heavily upon those in this country who are best able to sustain that burden; and I have had to fall back upon the tariff in order to raise the larger part of the money required to enable us to do our duty in this crisis. Mr. Speaker, I hope I shall not be taken as disrespectful to the Opposition. Nothing could be further from my thought, but sometimes it has been borne in upon me that the debate upon this Budget has been trivial in character. War on a scale unprecedented in all history; some fifteen or twenty million men engaged; the Germans and Allies facing each other upon a front resting upon Holland and Switzerland in the West, and extending from the Baltic to the Carpathians in the East; and there is now proceeding before our very eyes one of the greatest operations in the world, one of the most spectacular, one of the most dramatic—the forcing of the Dardanelles.

What is the expenditure of Great Britain to-day, and how is she facing it? The expenditure of Great Britain herself in this great contest is no less than ten million dollars a day; ten million dollars a day with a population of forty-five million. The expenditure of Great Britain is ten million dollars a day; and Lord Kitchener is raising an army of one and a half or two million men. We in this country are raising troops and equipping them and forwarding them with the utmost despatch possible with our limited facilities. Why have we limited facilities? Why? I have never heard any expenditure seriously criticised in the House except the expenditure of the Militia Department. If the Militia Department had not been starved, if the organization had been better maintained, we should have been better able to bear the strain so suddenly imposed upon us in August last. We should have had more equipment for the troops, more clothing and ammunition, and we should have been in a much better position to take our part in this war. But there was no vision in the criticism of hon. gentlemen opposite, and where there is no vision the people perish.

#### THE PEOPLE ARE PREPARED TO PAY.

The real question is: are we to do our share in this war or are we not? We have taken the people of this country at their word. They say send one contingent, send two contingents, send three contingents, send every man that wants to go. But I want to point out that war is made not only with men, not only with armaments, not only with munitions, but it is made with money. The people must be prepared to sacrifice not only blood, but treasure. If not, where is the Imperial spirit? And the people of this country are prepared not only to send money, but they are prepared to pay the reasonable measure of taxation which this Government is imposing.



Now, what do these charges of extravagance amount to? Are they not frivolous and vexatious at a time when the Government is struggling, and struggling successfully, with the greatest crisis with which the public men of this country have ever been confronted? I ask my right hon. friend who occupies a conspicuous position in this House and in this Dominion and in the Empire this question: In view of the fact that he himself raised the British preferential rate, and in view of the facts that I have brought to his attention to-night as to the necessity for increasing the British preferential rate not only on grounds of revenue, but by reason of the necessity of adjustment, was he wise this afternoon in bringing forward his criticism of the Government, and endangering, to some extent, the public credit of Canada because of the weight that may attach to his words? My right hon. friend's words carry beyond the walls of this House; they carry across the sea. And I ask him, has he represented the situation fairly or has he represented it unfairly? With regard to the British preference, I think he has represented it unfairly. And if his words when they go across the sea have any adverse effect upon the credit of Canada, I ask him if that is co-operation in this crisis with which the Empire is confronted.

#### Laurier's Flippant Charges.

My right hon. friend (Sir Wilfrid Laurier) made a couple of serious charges against me this afternoon. He virtually charged me with false pretences. He said that under the colour of a war tax I had deliberately raised this tariff, not for the purpose of revenue, but for the purpose of assisting the privileged classes of Canada.

Some hon. MEMBERS: Hear, hear.

Mr. WHITE: Hon. gentlemen say "hear, hear." That is to say that all I have stated here to-night is untrue. That is to say that, as Minister of Finance, I have not been sincerely desirous of raising by additional measures of taxation sufficient revenue for the purpose of meeting the increased expenditure due to this war, and maintaining the credit of this Dominion. Hon. gentlemen seem to participate in that charge made against me by the leader of the Opposition. In substance they say, or at least those of them who said "hear, hear" that under colour of this war tax it is my intention, not to raise additional revenue, but to assist the privileged classes of this country. Mr. Speaker, I shall not do myself the injustice of denying it. I have too much self-respect to deny a charge of that kind if it is pressed home. My right hon. friend has charged me virtually with false pretences, and he read an article from which I took one phrase because it was the gist of his attack upon me for increasing the British preferential rate. This was the phrase I took: "Suspect bad faith." That was in the article that was read by my right hon. friend this afternoon. That is that if bad faith is suspected it is not to be supposed that the Opposition will agree in the proposals of the Government. What was the innuendo, taking that remark, or utterance, in connection with the subsequent remarks of my right hon. friend? I desire to say this: My right hon. friend has introduced this amendment regarding the British preference condemning this Government for, as he states, placing extra barriers against Great Britain's trade with Canada at a moment when the mother land is under a war strain unparalleled in history.

### BUT HE CANNOT WIPE IT OUT.

My right hon. friend has suggested my motive in increasing the preferential rate. I wonder if it would be out of order if I suggested his motive in moving his amendment? I may be wrong, but I have a very clear idea as to the right hon. gentleman's motive in introducing his amendment. Let me ask my right hon. friend if there is anything upon his heart, or his conscience, that induces him to move this amendment? I would ask my right hon. friend to take the drama of Macbeth and refer to the sleep-walking scene in the fifth act, in which Lady Macbeth, looking upon the hand stained with the blood of King Duncan, says: "All the perfumes of Arabia will not sweeten that little hand." My right hon. friend the Prime Minister, acting upon the prescient advice of the Admiralty, two years ago introduced into this House the Naval Aid Bill, whose purpose was to assist in the naval defence of the Empire. My right hon. friend obstructed and killed that Bill. I say to him now—I say it with great respect, I say it without any imputation except upon his statesmanship, certainly not upon his loyalty—"that all the amendments, whether relating to the British preference or otherwise that he may move now or at any other time, will never obliterate the memory of the action which he took in connection with the Naval Aid Bill."

In conclusion, I desire to make a somewhat deliberate statement. I say to my right hon. friend that there are two ways in which it is possible to oppose effectual participation by the Government in this war. Firstly, such participation may be directly opposed. This has not been done. Secondly, participation can be opposed by opposition to measures, such as our fiscal proposals, necessary and essential to the carrying on of the Government of this country, the fulfilment of our contractual and other honourable obligations, the maintenance of the credit by which we are enabled to prosecute the war. It is obvious that we cannot prosecute war abroad unless we are in a position to carry on our affairs at home, pay the interest upon our public debt and preserve our financial credit in international markets. The policy of the Opposition as exhibited in their criticism of this Budget would not permit this to be done. As to their attitude upon this war Budget at this the most critical period of the Empire's history, I pass no further comment than to say that the people will know, appreciate, weigh and understand. They desire this Government to carry on this war with all its heart and all its soul and all its strength. This is what we propose to do. This we conceive to be our mandate from the people of Canada. If the right hon. the leader of the Opposition doubts whether we have this mandate, let him say so. My right hon. friend may rely upon it that we shall not fail to take all necessary measures to ensure that Canada continues with the will of its people to carry out its whole duty to itself and the Empire.